

**RFQ: UCS-123**  
**RFQ Title: Cost Study**  
**RFP Title: Utility Consulting Services**  
**Scopes: 5A Utility Operations Oversight**  
**Scope 2: Transmission & Distribution Services**  
**Issue Date: September 17, 2024**

**Eligible Prime Proposers**

PA Consulting Group, Inc.

NPTS, Inc.

Guidehouse, Inc. (formerly Navigant)

K&A Engineering Consulting P.C.

EnerNex LLC

E-Source Companies LLC (formerly Utelligent)

Deloitte and Touche LLP

Advance Digital Systems, Inc.

PROJECT REQUEST FOR QUALIFICATIONS (“RFQ”)  
CONSULTANT INSTRUCTIONS

**RFQ: UCS-123**

**RFQ Title: Cost Study**

**RFP Title: Utility Consulting Services – Scopes: 5A Utility Operations Oversight, Scope 2: Transmission & Distribution Services**

**Issue Date: September 17, 2024**

**Questions: September 20, 2024 by 12 PM**

**Due Date: October 17, 2024, by 3 PM**

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Your firm is invited to submit a quotation to the Long Island Power Authority (“LIPA”) for the above-stated project in accordance with the requirements of the attached Project Request for Qualifications-Scope of Work (“SOW”) document.

Please use the attached Project Request for Qualifications Requirements to provide your firm’s response.

**Submission:**

Long Island Power Authority (LIPA) has implemented a new e-Procurement platform called Bonfire. All RFQ submissions must be uploaded electronically to <https://lipower.bonfirehub.com>. Late proposals will not be accepted, nor will additional time be granted to any individual Contractor.

For a quick tutorial on how to upload a submittal, visit:

Vendor Registration and Submission [Vendor Registration and Submission \[VIDEO\] – Bonfire Vendor Support \(gobonfire.com\)](#)

**Addenda:**

If, at any time, LIPA changes, revises, deletes, clarifies, increases, or otherwise modifies this RFQ, LIPA will issue a written Addendum to the RFQ, which will be uploaded to the Bonfire portal.

Questions shall be submitted in writing using the Bonfire platform no later than the written questions deadline. Questions submitted after the deadline may not be answered. Proposers should rely only on written statements issued through the Bonfire platform.

The list of questions received with answers will be provided to all consulting firms who have been solicited via this Project RFQ, via Bonfire.

LIPA will not accept quotations received after the due date. LIPA reserves the right to reject quotations that are incomplete.

This project will be performed on the basis of Fixed Price (Not to exceed amount) based on hourly rates from master contracts.

No work is authorized to commence without written authorization from the responsible LIPA Department Head. The Department Head responsible for the Project RFQ is Werner Schweiger, Acting Chief Operating Officer.

## **PROJECT REQUEST FOR QUALIFICATIONS - SCOPE OF WORK**

**RFQ: UCS-123**

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**RFP Title: Utility Consulting Services – Scopes: 5A Utility Operations Oversight, Scope 2: Transmission & Distribution Services**

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Scope of Work (“SOW”) Summary:

### **SCOPE OF SERVICES**

#### **Overview:**

- The purpose of this work is to develop an objective and independent assessment of the cost savings and efficiency improvement opportunities in the operating activities of the Service Company, and a quantification of these opportunities that is anchored to the existing financial statements. See attached or visit [Investor Relations - LIPA \(lipower.org\)](http://lipower.org) .
- The intent of this work is to support the existing LIPA policies, including those related to its workforce, and we do not seek workforce reductions.
- Organized by the most important major operating activity, such as
  - Asset management, including corrective and preventive maintenance
  - Workforce planning, scheduling, productivity
  - Storm response cost
  - Major project management
  - Major contract management
  - IT and OT costs
  - Procurement and supply chain management
  - Review of organizational design and process
- With quantitative estimates of the cost differences compared to relevant peer standards based on objective data and analytics
- Proposers are also invited to suggest the most important and informative unit costs (e.g., cost per trimmed tree) and to suggest an approach to assessing and quantifying these

Proposers should plan a two-stage approach to the work

- Stage 1 – Initial comprehensive opportunity assessment and quantification,

- Followed by a mid-term review and decision point, that could lead to a choice among Stage 2 options
- Stage 2 Options
  - Deepening and solidifying the work and findings from Stage 1
  - Expanding the set of operating activities to investigate beyond those examined in Stage 1
  - Developing an initial approach for how to achieve the identified savings/efficiencies (if so decided), for example, including practices to adopt, processes to implement, investments/expenditures to make

LIPA seeks the work to be completed by Feb 28, 2025.

The proposal should include:

- Team qualifications
- Examples of relevant prior work (firm/client names redacted, if appropriate)
- Preliminary work plan
- Quote

If proposers do not believe they have the resources to provide the entire scope of services sought, identification of a subcontractor is acceptable. Details of the subcontractor’s team qualifications, examples of prior work, work plan, and quote should be included in the proposal.

**Timeline**

LIPA plans to begin this project in mid-October. **LIPA seeks the work to be completed by February 28, 2025.** Please include a proposed project timeline in your response.

**Schedule of Events:**

<b>RFQ-UCS-123 issued on</b>	<b>September 17, 2024</b>
<b>RFQ due date for questions:</b>	<b>September 20, 2024, by 12 PM</b>
<b>RFQ response due date:</b>	<b>October 17, 2024, by 3 PM</b>
<b>RFQ anticipated award:</b>	<b>End of October</b>

Terms:

The selected consultant will be paid time and materials in accordance with the firm’s contract with LIPA.

Project Review Factors:

The following factors will be considered in selecting a consultant for this RFQ: i) hourly rates and estimation of participation (hours) in performing the SOW described above; ii) the extent to which the response demonstrates an understanding of the SOW; iii) the extent to which the proposer demonstrates experience in similar engagements assessing cost improvement opportunities within electric utilities; iv) the depth of experience of the proposed consulting personnel relevant to the requirements of the SOW; and v) the bench strength of the proposed consulting personnel (including any identified subcontractor(s)) to deliver service when one or more consultants are unavailable.

Additional Comments:

While LIPA expects to select one consultant for this project, LIPA reserves the right to select more than one consultant with complementary skills to conduct select portions of the SOW or no consultants if such skills and experience cannot be demonstrated.

LIPA may choose to conduct interviews prior to the award.

**PROJECT REQUEST FOR QUALIFICATIONS (“RFQ”)**

**REQUIREMENTS**

Qualifications to Perform the Scope of Work (“SOW”):

The following is a listing of the information to be provided in the response. A response that does not include all the information required below may be deemed non-responsive and subject to rejection. **Consultants must respond to all the items listed below in the order listed. Consultants should limit their response to ten (10) single-sided pages excluding resumes.**

- Detail proposed personnel (including any subcontractor personnel) project experience related to this RFQ. Attach resumes of proposed personnel showing project experience. Identify the location of the home office for the proposed consultants.
- Detail the firm’s project experience related to this RFQ and provide references to the extent that they were not already included in your response to the RFP for Utility Consulting Services.
- Provide a brief discussion of how your firm will execute the SOW listed above. What innovative approaches will you take or tools will you use to deliver valuable information while limiting project cost?
- Provide a proposed timeline for project execution.
- Detail any potential conflicts of interest with PSEG.
- Using the table format below, identify proposed personnel, and Subcontractor proposed personnel (if any), contract titles, and their availability to work on the project.
- Provide an estimated budget based on your firm’s hourly rates and estimated reimbursements as per Article V - Billing Policy and Schedule D – “Fees for Services” in the Utility Consulting Services Contract. Estimated expense items and reimbursement costs should be indicated separately from hourly total costs.

Provide Proposed Personnel / Subcontractor Personnel Cost Estimates:

<b>Proposed Personnel Available for Project*</b>	<b>Personnel Contract Title*</b>	<b>Contract Hourly Rate*</b>	<b>Indicate if Project Personnel works for your firm or subcontractor’s firm.</b>	<b>Estimate Number of hours Personnel to work on Project (total)</b>	

\*Per Schedule D in 2020 Approved Utility Consulting Services Contract



# June 2024 Financial Results

*Finance and Audit Committee*

July 2024

**Presented by:** Donna Mongiardo, CFO LIPA  
and Martin Shames, Senior Director of Finance PSEG LI



# LIPA Consolidated Results – June 2024

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
<b>Revenues</b>	<b>\$1,831,110</b>	<b>\$1,860,065</b>	<b>(\$28,955)</b>	<b>-1.6%</b>	<b>\$4,190,774</b>
Power Supply Charge	900,544	929,741	29,197	3.1%	2,019,085
<b>Revenue Net of Power Supply Charge</b>	<b>930,566</b>	<b>930,324</b>	<b>242</b>	<b>0.0%</b>	<b>2,171,689</b>
<b>PSEG Long Island Operating and Managed Expenses</b>					
PSEG Long Island Operating Expenses <sup>(a)</sup>	320,818	332,954	12,135	3.6%	685,771
PSEG Long Island Managed Expenses	67,571	64,913	(2,658)	-4.1%	157,625
Utility Depreciation	169,755	187,920	18,166	9.7%	382,340
PILOTs	170,687	172,684	1,997	1.2%	350,944
LIPA Operating Expenses <sup>(a)</sup>	44,345	50,991	6,645	13.0%	133,207
LIPA Depreciation and Amortization	69,400	69,215	(185)	-0.3%	138,429
Interest Expense	178,772	176,639	(2,132)	-1.2%	363,361
<b>Total Expenses</b>	<b>1,021,348</b>	<b>\$1,055,316</b>	<b>\$33,968</b>	<b>3.2%</b>	<b>2,211,678</b>
Other Income and Deductions	50,243	41,054	9,190	22.4%	82,635
Grant Income	20,187	20,154	33	0.2%	40,412
<b>Total Non-Operating Revenue</b>	<b>70,430</b>	<b>\$61,208</b>	<b>\$9,222</b>	<b>15.1%</b>	<b>\$123,047</b>
<b>Change in Net Position</b>	<b>(20,353)</b>	<b>(\$63,785)</b>	<b>\$43,432</b>	<b>68.1%</b>	<b>83,059</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$7.8M from LIPA Operating Expense to PSEG Long Island Operating Expense

# LIPA Managed Expenses & Income – June 2024

- LIPA operating expense is under budget by \$6.6M due to lower PSEGLI Incentive Compensation earned related to 2023 slightly offset by higher costs related to (i) hiring and succession planning, and (ii) Electric Vehicles and Heat Pumps consulting costs.
- Other income and deductions are favorable against budget by \$8.4M due to (i) gains on the Nuclear Decommissioning Trust of \$2.0M and System Resiliency Fund of \$2.5M (ii) a damage claim settlement of \$1.5M and (iii) higher interest earned on the Rate Stabilization fund and UDSA accounts due to higher than budgeted rates.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
<b>LIPA Expenses</b>					
LIPA Operating Expenses <sup>(a)</sup>	\$44,345	\$50,991	\$6,645	13.0%	\$133,207
LIPA Depreciation and Amortization	56,893	56,708	(185)	-0.3%	113,415
LIPA Deferred Amortized Expenses	12,507	12,507	0	0.0%	25,014
Interest Expense, other Interest Costs and Interest Amortizations	178,772	176,639	(2,132)	-1.2%	363,361
<b>Total Expenses</b>	<b>\$292,517</b>	<b>\$296,845</b>	<b>\$4,327</b>	<b>1.5%</b>	<b>\$634,997</b>
Other Income and Deductions	35,989	27,625	8,365	30.3%	57,688
Grant Income	20,187	20,154	33	0.2%	40,412
<b>Total Income</b>	<b>\$56,177</b>	<b>\$47,779</b>	<b>\$8,398</b>	<b>17.6%</b>	<b>\$98,100</b>
<b>LIPA Capital</b>	<b>\$873</b>	<b>\$1,250</b>	<b>\$377</b>	<b>30.1%</b>	<b>\$10,000</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$5.0M for T&D, \$2.7M for Customer Service O&M and \$0.1M in IT O&M



# LIPA Liquidity Position – June 2024

<i>(\$ in thousands)</i>	June 30, 2024	Days Cash	May 31, 2024	Days Cash
<b>Operating liquidity</b>				
Unrestricted cash, cash equivalents, and investments	\$ 364,009		\$ 477,976	
OPEB Account cash, cash equivalents, and investments	705,516		686,916	
PSEG Long Island working capital requirements	289,833		324,427	
<b>Total operating liquidity</b>	<b>1,359,358</b>	<b>148</b>	<b>1,489,319</b>	<b>162</b>
<b>Available credit</b>				
General Revenue Notes - Revolving Credit Facility	200,000		200,000	
General Revenue Notes - Commercial Paper	450,000		440,000	
<b>Total available credit</b>	<b>650,000</b>		<b>640,000</b>	
<b>Total cash, cash equivalents, investments, and available credit</b>	<b>\$ 2,009,358</b>	<b>219</b>	<b>\$ 2,129,319</b>	<b>232</b>
<b>Restricted cash and cash equivalents</b>				
Clean Energy Compliance Fund	20,242		20,201	
Extraordinary working capital	250,000		250,000	
UDSA	98,655		266,692	
<b>Total restricted cash</b>	<b>\$ 368,897</b>		<b>\$ 536,893</b>	

**LIPA continues to exceed its required 150 days cash and available credit on hand**

# PSEG Long Island Operating Expenses – June 2024

Total expenses are under budget by \$12.1M primarily due:

- T&D is under budget \$2.6M due to resources directed to storm activity and lower headcount partially offset by higher transmission tree trim.
- Asset Management is under budget by \$2.0M due to the ISO55000 implementation delay due to late procurements, lower headcount and timing of wood pole inspections and treatments.
- Construction & Ops is under budget by \$1.7M due to timing of outside services expenses.
- Customer Service is under budget by \$2.1M due to lower marketing related spend driven by Customer Technology and TOD migration delays.
- IT is under budget by \$3.2M due to the timing of consulting expenses budgeted in 2024.
- Business Services is over budget by (\$5.3M) due to an increase in legal claim reserves and outside legal counsel expenses.
- Energy Efficiency is under budget by \$4.4M due to favorable rebate costs which achieved energy savings 6% above goal.

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>PSEG Long Island Operating Expenses</b>					
Transmission & Distribution <sup>(a)</sup>	\$99,068	\$101,626	\$2,558	2.5%	\$205,659
Asset Management & Reliability	4,176	6,159	1,983	32.2%	10,177
Construction & Operations Services	19,611	21,268	1,657	7.8%	40,268
Customer Services <sup>(a)</sup>	57,751	59,811	2,060	3.4%	122,932
Information Technology & Cybersecurity <sup>(a)</sup>	43,224	46,409	3,185	6.9%	99,213
Business Services	40,099	34,833	(5,267)	-15.1%	72,521
Power System Management	10,285	11,435	1,150	10.1%	23,092
Energy Efficiency & Renewable Energy	42,181	46,558	4,377	9.4%	97,153
Utility 2.0	4,423	4,854	431	8.9%	14,754
<b>Total PSEG Long Island Operating Expenses</b>	<b>\$320,818</b>	<b>\$332,954</b>	<b>\$12,135</b>	<b>3.6%</b>	<b>\$685,771</b>

Note: Variance - favorable/(unfavorable)

(a) Pending Project Authorization Funds has released \$5.0M for T&D, \$2.7M for Customer Service O&M and \$0.1M in IT O&M

# PSEG Long Island Managed Expenses – June 2024

- Uncollectible expense is under budget by \$2.7M due to budgeted write-off assumption of 0.66% vs. actual of 0.53%.
- Storm Restoration is over budget by (\$2.8M) due to eight incurred storms, two of which used mutual aid assistance.
- Utility Depreciation is under budget by \$18.2M due to the early retirement in 2023 of Salesforce software plus the timing of depreciation on certain other IT projects which have deferred in-service dates.
- Pension & OPEB expense is over budget by (\$3.4M) due to discount rate updates in the actuarial models.
- Other income & deductions are favorable against budget by \$0.8M due to higher interest earned on the PSEGLI funding accounts resulting from higher than budgeted rates.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	FY Budget
<b>PSEG Long Island Managed Expenses</b>					
Uncollectible Accounts	\$9,275	\$11,986	\$2,712	22.6%	\$28,917
Storm Restoration	33,546	30,703	(2,843)	-9.3%	83,500
NYS Assessment	4,526	5,434	907	16.7%	11,840
Utility Depreciation	169,755	187,920	18,166	9.7%	382,340
Pension & OPEB Expense	18,382	14,974	(3,408)	-22.8%	29,961
PILOTs - Revenue-Based Taxes	18,557	19,501	945	4.8%	44,578
PILOTs - Property-Based Taxes	152,131	153,183	1,053	0.7%	306,366
PSEGLI Managed - Misc	1,843	1,816	(26)	-1.5%	3,408
<b>Total PSEG Long Island Managed Expenses</b>	<b>\$408,013</b>	<b>\$425,518</b>	<b>\$17,504</b>	<b>4.1%</b>	<b>\$890,910</b>
<b>Other Income &amp; Deductions</b>	<b>\$14,254</b>	<b>\$13,429</b>	<b>\$825</b>	<b>6.1%</b>	<b>\$24,947</b>

Note: Variance - favorable/(unfavorable)

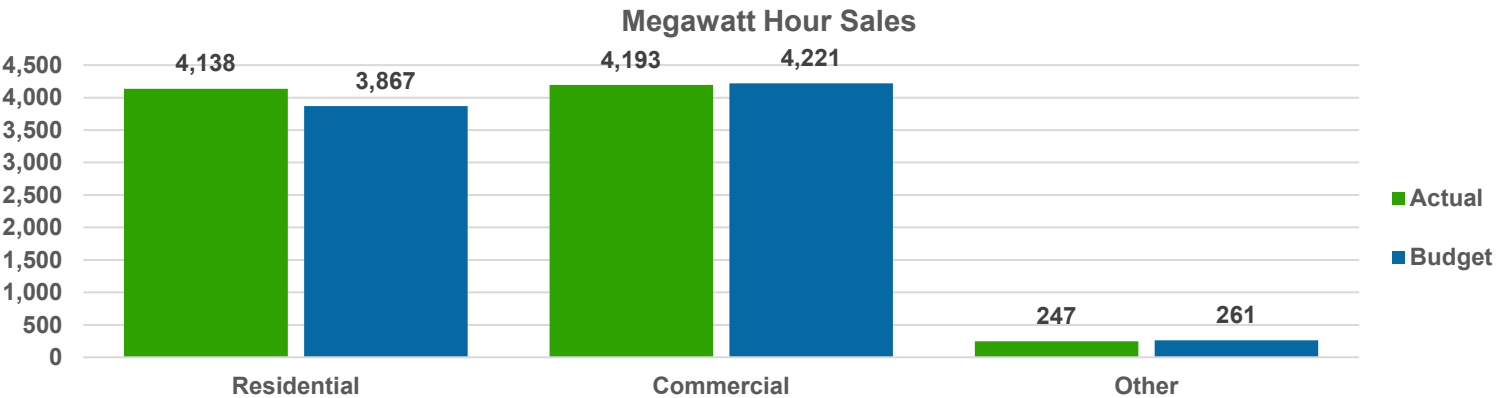
# PSEG Long Island Revenue – June 2024

- Revenue, net of PSCs, is \$0.2M higher than budget primarily due to miscellaneous revenues.
- Power Supply Charge is \$29.2M lower than budget primarily driven by lower natural gas prices than anticipated in the plan.
- Sales of electricity are lower than budget due to milder weather during January – April timeframe.

(\$ in thousands)

	Actual	Budget	\$ Var.	% Var.	Budget
<b>Revenues</b>	\$1,831,110	\$1,860,065	(\$28,955)	-1.6%	\$4,190,774
<b>Power Supply Charge</b>	\$900,544	\$929,741	\$29,197	3.1%	\$2,019,085
<b>Revenue Net of Power Supply Costs</b>	\$930,566	\$930,324	\$242	0.0%	\$2,171,689

Note: Variance - favorable/(unfavorable)



# Capital Expenditures – June 2024

- T&D is under budget by \$19.7M due to:
  - Change in scheduling and construction, material, and permitting delays
  - Favorable bid pricing and cost savings
- IT is under budget by \$6.6M due to work schedule change for System Separation (Power Plan, Cognizant, M365 and Maestro).
- IT – Cyber is under budget \$4.8M due to schedule change in CyberArk for CNI and lower costs for Cybersecurity NIST-CFS.
- Offshore Wind is under budget by \$1.2M due to shift in schedule of preliminary engineering and design and property purchase.
- Utility 2.0 is under budget by \$2.5M primarily due to EV Make Ready Phase II rebates being lower than budgeted.
- Capital Storm is over budget (\$3.4M) due to higher storm activity.

(\$ in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>FY Budget</u>
<b>Transmission and Distribution</b>					
Load Growth	68,894	80,651	11,757	14.6%	188,945
Reliability	162,032	159,738	(2,294)	-1.4%	307,744
Storm Hardening	37,340	40,141	2,801	7.0%	66,600
Economic, Salvage, Tools, Equip & Other	11,395	18,823	7,428	39.5%	42,079
<b>Total T&amp;D Projects</b>	<b>\$279,661</b>	<b>\$299,353</b>	<b>\$19,692</b>	<b>6.6%</b>	<b>\$605,368</b>
<b>Other PSEG Long Island Capital Expenditures</b>					
Information Technology Projects <sup>(a)</sup>	32,687	39,259	6,572	16.7%	87,765
Information Technology - Cyber Security <sup>(a)</sup>	9,028	13,825	4,797	34.7%	16,476
Customer Operations	3,417	3,673	256	7.0%	8,195
Other General Plant	15,578	16,167	589	3.6%	31,738
Fleet <sup>(a)</sup>	3,102	3,719	617	16.6%	19,669
Offshore Wind Transmission	1,428	2,628	1,200	45.7%	22,870
Utility 2.0	536	3,034	2,498	82.3%	10,755
<b>Total T&amp;D and Other Projects</b>	<b>345,438</b>	<b>381,658</b>	<b>\$36,221</b>	<b>9.5%</b>	<b>802,834</b>
FEMA Storm Hardening	555	1,486	931	62.7%	5,140
Capital Storm	4,855	1,449	(3,406)	-235.1%	3,479
<b>Total PSEG Long Island Capital</b>	<b>\$350,848</b>	<b>\$384,594</b>	<b>\$33,746</b>	<b>8.8%</b>	<b>\$811,453</b>
Management Fee	17,330	15,581	(1,749)	-11.2%	31,163
Pending Project Authorization Funds	-	2,350	2,350	100.0%	22,820
Nine Mile Point 2	28,126	28,878	753	2.6%	29,926
LIPA Capital	873	1,250	377	30.1%	10,000
<b>Total Capital Expenditures</b>	<b>\$397,177</b>	<b>\$432,653</b>	<b>\$35,476</b>	<b>8.2%</b>	<b>\$905,361</b>

(a) Pending Project Authorization Funds has released \$36.9M for IT, \$8.3M for IT-Cyber & \$31.7M in Facilities

Note: Variance - favorable/(unfavorable)

# PSEG Long Island Major Capital Expenditures – Over \$25M (Total Project Cost) – June 2024

Description	Original Total Project Cost (\$M)		Total Project Actuals Through 6/30/24 (\$M)	Current Working Estimate* (\$M)	Current Estimated Completion Date*
	Cost Estimate	Date of Cost Estimate			
Rockaway Beach - New 33kV Circuit to Arverne Substation	\$37	2020	\$23	\$29	Jun-24*
Belmont: Convert substation from 33 kV to 69 kV	\$131	2021	\$9	\$116	Jun-25
Bridgehampton to Buell: Transmission	\$46	2017	\$7	\$65	Dec-25
System Separation	\$21	2022	\$17	\$70	Dec-25
Fire Island Pines New Circuit to Ocean Beach	\$51	2017	\$3	\$40	Apr-29
West Hempstead (3R) Install four 69/13kV 33MVA	\$30	2023	\$0	\$42	Jun-27
Transmission Operations Control Room Facility Replacement	\$84	2018	\$1	\$113	Dec-27
Southampton Install new 138kV cable to Deerfield	\$142	2021	\$3	\$79	Jun-27
Rockville Centre Load Pocket	\$37	2022	\$0	\$36	Jun-28
Elmont (3G) Substation Rebuild and Feeder Conversions	\$54	2023	\$0	\$44	Jun-28
North Bellport: Eastport 23kV conversion	\$26	2021	\$0	\$52	May-26
Enterprise Asset Management System	\$48	2022	\$6	\$61	Dec-28
Newbridge Convert 138kV Ckt EGC-Ruland 138-467/567 to 345kV	\$37	2023	\$0	\$46	Aug-29
Syosset Replace UG section of 138-676 circuit to Greenlawn	\$117	2023	\$0	\$127	Nov-29
Transmission Operations Alternate Control Room Facility	\$69	2023	\$0	\$68	Dec-29
Syosset Install PAR on terminal of proposed new 138kV Ckt	\$38	2023	\$0	\$44	May-30
Northport Install new 138kV Phase Angle Regulator	\$38	2023	\$0	\$48	Dec-29
Barrett OSW (Liotta) Interconnect to New Barrett 138/345kV Sub	\$88	2023	\$0	\$88	May-30
Arverne - New Wavecrest Substation and C&R	\$86	2023	\$0	\$86	Jun-28
Substation Security Expansion Project	\$53	2017	\$29	\$152	Dec-33
<b>Total</b>	<b>\$1,233</b>		<b>\$97</b>	<b>\$1,405</b>	

# Questions?

**Donna Mongiardo**  
CFO

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[lipower.org](http://lipower.org)

