



# Long Island Power Authority Evaluation of PSEG Long Island Performance and Incentive Compensation

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2021 Contract Year

April 29, 2022

# LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

## ***Executive Summary***

The Amended & Restated Operations Services Agreement (“OSA”) between the Long Island Power Authority (“LIPA” or the “Authority”), through its subsidiary Long Island Lighting Company d/b/a LIPA, and PSEG Long Island (“PSEG LI”) established performance metrics to measure PSEG LI’s performance against operational and customer satisfaction goals (refer to OSA Section 4.3 and Appendix 9)<sup>1</sup>. The OSA also established an Incentive Compensation Pool (“ICP”) for each contract year to be paid to PSEG LI based on favorable performance relative to the performance metrics. **For 2021, the ICP is \$10,195,579.**

In accordance with the OSA, PSEG LI submitted to LIPA on March 15, 2022 its calculation of the incentive compensation due for 2021, along with supporting data and information (refer to OSA Section 5.1). The following review process was established by the OSA and the LIPA Reform Act<sup>2</sup>

- LIPA is required to submit its evaluation of PSEG LI’s performance to the New York State Department of Public Service (“DPS”) by April 29, 2022 (45 days after receipt).
- The DPS is required to make recommendations to LIPA by May 31, 2022<sup>3</sup> (30 days later).
- LIPA must notify PSEG LI of its acceptance or disagreement with the calculation and to pay any undisputed portion by June 13, 2022 (90 days after receipt).

This report describes LIPA’s evaluation of PSEG LI’s performance on the 26 performance metrics that are used to determine PSEG LI’s eligibility for the 2021 Incentive Compensation (“Tier 1 Metrics”). The OSA allocates the Incentive Compensation Pool among three performance categories: Customer Satisfaction; Technical and Regulatory; and Financial. As a threshold issue, to be eligible for 100% of the Incentive Compensation during the Contract Year, PSEG LI must also meet both budget metrics in the Cost Management Performance Category.

Included in this report are target and reported performance levels for 2021, LIPA’s evaluation and calculation of the incentive compensation to be paid to PSEG LI, and LIPA’s evaluation of each metric and the method used to verify the reported performance levels.

LIPA has reviewed the data provided by PSEG LI. LIPA concurs with PSEG LI’s stated position that 24 of 26 Tier 1 performance metric target levels were met or exceeded for 2021, including successfully meeting both Cost Management performance metrics. Applying the formulas set forth in Appendix 9 of the OSA, PSEG LI’s performance against the 2021 metrics reduces the Compensation Pool to approximately \$9.4 million.

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<sup>1</sup> The Second Amended and Restated Operations Services Agreement was approved by the LIPA Board of Trustees on December 15, 2021 and came into effect upon approval by the Office of the State Comptroller on April 1, 2022. This Second Amended OSA replaces the performance metrics described herein for 2021 with more rigorous measures of performance for 2022 and modifies the method by which such measures will be set starting in 2023. For more information, see <https://www.lipower.org/reformedcontract/>

<sup>2</sup> Refer to Section 5.1 of the OSA, Section 3-b(3)(h) of the Public Service Law, and Section 1020-f(hh) of the Public Authorities Law.

<sup>3</sup> By mutual agreement between LIPA and DPS, and following past precedent, deadlines that fall on weekends or holidays shall be adjusted to the next business day after the 30 day calculated date. For this year, that date is Sunday, May 29, 2022, and with the Memorial Day holiday falling the next day, DPS will have until Tuesday, May 31, 2022 to issue their recommendations to LIPA. The payment date of June 13, 2022 (90 days after LIPA’s receipt of PSEG LI’s incentive compensation claim) is unchanged.

## **2021 Performance Metrics Summary**

The OSA provides PSEG LI the opportunity to earn incentive compensation above the annual fixed compensation component specified in the OSA based on achievement of performance levels relative to performance targets.

The Performance Metrics are designed to incentivize performance in the areas of Customer Satisfaction, Technical and Regulatory Performance, and Financial Performance.

The Customer Satisfaction category provides PSEG LI the opportunity to achieve 40% of the ICP and is comprised of nine metrics that focus on customer satisfaction, performance in the customer service call center, and the utilization of customer self-service options by customers.

The metrics in this category for 2021 are:

- JD Power Customer Satisfaction Survey Residential Score
- JD Power Customer Satisfaction Survey Business Score
- After-Call Survey (Residential)
- After-Call Survey (Business)
- Personal Contact Survey
- Customer Complaint Rate
- Average Speed of Answer
- Customer Self-Service
- First Call Resolution

The Technical and Regulatory Performance category provides PSEG LI the opportunity to achieve 30% of the ICP and is comprised of seven metrics that focus on electric reliability and employee safety.

The metrics in this category for 2021 are:

- System Average Interruption Duration Index (SAIDI)
- System Average Interruption Frequency Index (SAIFI)
- Customer Average Interruption Index (CAIDI)
- Momentary Average Interruption Frequency Index (MAIFI)
- OSHA Recordable Employee Injury Incidence Rate
- OSHA Days Away From Work After Injury Rate (Severity)
- Reduce Motor Vehicle Incidents

The Financial Performance category provides PSEG LI the opportunity to achieve 30% of the ICP and is comprised of nine metrics that focus on the meter reading, advanced meter infrastructure deployment, achieving load reductions through energy efficiency programs and billing and collections processes of customer service, as well as a sub-group of Focus Area metrics.

The metrics in this category for 2021 are:

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- Energy Efficiency Annualized Savings
- AMI Implementation (# Meters)
- Net Write-Offs Per \$100 Billed Revenue
- Accounts Receivable > 90 Days

Additionally, the “Focus Area” sub-category that was first established in 2018, continued in 2021. This sub-category is positioned within the Financial Performance category. For 2021, there were four Focus Area metrics. Each of these metrics are set on a pass/fail basis and have a value of 1 base point each, with the opportunity to earn a second base point for superior performance. These metrics are geared towards initiatives that are deemed important enough to affect incentive compensation, but not necessarily required for ongoing measurement of the utility’s performance.

- Focus Area Metrics:
  - Double Wood Poles
  - Low to Moderate Income (LMI) Enrollees
  - Heat Pumps Installed
  - Electric Vehicles

For 2021, the following former 2020 Tier 1 OSA metric was discontinued, as it was deemed a one-time effort.

- **Technology Implementation Pilot (Focus Area Metric)**

### ***2021 Performance Targets and Performance<sup>4</sup>***

Each performance metric is assigned a point value within the performance categories that factors into the calculation of the incentive compensation achieved by PSEG LI for each category. Actual performance for each performance metric is identified and the point values are determined to calculate a total performance score for each category. The performance score for a Performance Category is a fraction determined by dividing the number of points achieved in the Performance Category by the maximum possible points in the category to determine the percentage of the incentive compensation pool achieved for each category. The performance score for a Performance Category is capped at 100% of the incentive compensation tied to the category.

The table on the following page depicts the 2021 metric targets and performance reported by PSEG LI, as well as their calculation of the 2021 incentive compensation. The methods and data utilized by LIPA to verify the reported performance levels are described in the Appendix.

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<sup>4</sup> Consistent with the process described in Appendix 9 of the OSA, LIPA and PSEG LI agreed to the base points assigned to meeting the 100% target for each metric and the opportunity for PSEG LI to achieve excess points or to earn fewer points by performing better or worse, respectively, for the improvement metrics. Any excess points are used to offset any under-performance for metrics in the same category. Please see document “2021 OSA Metrics – Full Signed Final Package”.

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## 2021 OSA Metrics and Targets Summary

		Performance Category/Metric	I/M	Base Points	December 2021 YE Result	Forecast	150%	125%	100%	50%	25%	MPL	
1. Cost Management	1.1	Operating Budget	Gating	N/A	546.5	Met						568.1	
	1.2	Capital Budget			630.9	Met							697.0
		<b>TOTAL Base Points</b>		<b>N/A</b>									
2. Customer Satisfaction (40%)	2.1	JD Power Residential Survey	I	5	677 / 16 of 17	0	757 or 5th	744 or 6th	730 or 8th	717 or 9th	704 or 10th	657	
	2.2	JD Power Business Survey	I	5	737 / 12 of 12	0	804 or 4th	796 or 5th	789 or 6th	781 or 7th	773 or 8th	710	
	2.3	After Call Survey - Residential	M	5	95.1%	5			91.5%			80.0%	
	2.4	After Call Survey - Business	M	5	96.3%	5			91.5%			80.0%	
	2.5	Personal Contact Survey	M	5	97.6%	5			92.0%			84.0%	
	2.6	Customer Complaint Rate	M	5	2.0	5			6.5			8.5	
	2.7	Average Speed of Answer	M	5	12	5			19			26	
	2.8	Customer Self-Service	I	5	51.2%	6.25		49.8%	48.5%	47.1%	45.5%	42.0%	
	2.9	First Call Resolution	I	5	83.0%	5	85.0%	84.0%	82.8%	81.4%	80.0%	75.0%	
		<b>TOTAL Base Points</b>		<b>45</b>		<b>36.25</b>							
3. Technical and Regulatory Performance (30%)	3.1	SAIDI	I	5	54.7	5	50.5	51.3	59.0	65.5	75.5	95.0	
	3.2	SAIFI	I	5	0.68	5	0.65	0.67	0.76	0.81	0.85	0.97	
	3.3	CAIDI	M	5	81	5			85			87	
	3.4	MAIFI	I	5	1.78	7.5	2.13	2.35	2.56	2.71	2.99	4.00	
	3.5	OSHA Recordable Incidence Rate	I	5	0.96	5			1.27	1.49	1.64	2.74	
	3.6	OSHA Days Away Rate (Severity)	I	2.5	6.21	2.5			17.00	21.67	25.01	37.72	
	3.7	(Percentage) Reduce Motor Vehicle Incidents	I	2.5	-41.3%	3.75	-23.1%	-13.5%	-5.8%	-1.9%	6.7%	13.5%	
		<b>TOTAL Base Points</b>		<b>30</b>		<b>33.75</b>							
4. Financial Performance (30%)	4.1	Energy Efficiency Annualized Savings (MMBTUs)	M	5	1,266,176	7.5	1,200,000	1,150,000	1,099,976	1,000,000	900,000	850,000	
	4.2	AMI Implementation (# Meters)	I	5	346,219 (August RF Communicating Value - Target 345,000) 343,951 (August Value RMLU - Target 341,750) \$38.45 (Cost/Install - Target \$45.33) 0.45% (Opt-Out Rate - 0.51%)	7.5	345,000 by 8/31/2020 2 of 2 Additional (Opt Out and Cost)	341,750 by 8/31/2020 Additional RMLU Criteria by 8/30	336,000 RF Communicating by 8/31/2021	250,000	220,000	210,000	
	4.3	AR-90 (No Exclusions)	M	5	30.6%	5			31.6%			34.0%	
	4.4	Net Write-Offs per \$100 Billed Revenue	M	5	0.28	5			0.54			0.61	
	4.5	Focus Area	I	4	See Below	7	See below breakout						
			<b>TOTAL Base Points</b>		<b>24</b>		<b>32</b>						
								<b>Focus Area Metrics</b>					
								<b>Base Point (1 BP)</b>	<b>Bonus Point (2 BP)</b>				
	4.5.1	Double Wood Poles	I	1	6,295	2	9,110	8,199					
	4.5.2	Low to Moderate Income (LMI) Enrollees	M	1	46,917 (August)	1	35,000	47,500					
4.5.3	Heat Pumps Installed	I	1	6,722	2	4,447	5,297						
4.5.4	Electric Vehicles	M	1	2,441	2	1,000	1,600						
<b>Overall Total Base Points</b>				<b>99</b>		<b>102</b>							

Contract Base Incentive	\$ 8,700,000.00
Base CPI - January 2011	242.639
Growth CPI - December 2021	284.35
% Change for Growth	17.2%

**2020 Incentive Compensation Pool** \$ 10,195,578.62

OSA Category	Weight	Points Earned	Performance Score
Cost Management	Gate	Both met	100.00%
Customer Satisfaction	40%	36.25	80.56%
Technical and Regulatory Performance	30%	33.75	112.50%
Financial Performance	30%	32.00	133.33%
<b>TOTAL</b>		<b>102.00</b>	

	Allocation of Incentive	PSEG LI Incentive Earned
Customer Satisfaction*	\$ 4,078,231.45	\$ 3,285,242.00
Technical and Regulatory Performance	\$ 3,058,673.59	\$ 3,058,673.59
Financial Performance	\$ 3,058,673.59	\$ 3,058,673.59
<b>Total</b>	<b>\$ 10,195,578.62</b>	<b>\$ 9,402,589.17</b>
<b>Incentive Compensation to be paid to PSEG Long Island</b>		<b>\$ 9,402,589.17</b>

(C) Annual Incentive Compensation Component.

(1) An amount of (i) \$5.44 million, annually, for each of the 2014 and 2015 Contract Years and (ii) \$8.7 million, annually, for each Contract Year thereafter, in each case expressed in 2011 Dollars and prorated as appropriate for a partial Contract Year, shall comprise the "Incentive Compensation Pool" to be earned based on favorable performance relative to the Performance Metrics. The Performance Metrics are set forth in Appendix 9 hereto and may be modified from time to time as provided elsewhere herein and updated as appropriate in the Contract Administration Manual.

### Table Notes:

1 – For incentive compensation calculation purposes, the points achieved for each performance category are limited to the levels stated in the base point column. This is also depicted in the table "LIPA Calculation of Incentive Compensation" on the following page of this document.

2 – The Operating and Capital budget information reflects budget amendments approved at the LIPA Board of Trustees December 2021 meeting.

3 – The 2021 result for Energy Efficiency Annualized Savings is based on the preliminary evaluated savings identified by Demand Side Analytics, who is performing the verification of the year's performance. The final report is expected to be issued on or about June 1, 2022. In past years, the numbers in the final report have not differed by any material amount and therefore, the preliminary numbers can be relied upon for certification purposes.

## LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

### ***Incentive Compensation Calculation***

As previously stated, commencing with the 2016 Contract Year, the OSA specifies an ICP of \$8.70 million, which is to be adjusted based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), New York - Northern New Jersey - Long Island (1982-84 = 100) from January 2011 to the beginning of the contract year. Based on the OSA and change in CPI-U, the adjusted ICP for the 2021 Contract Year is \$10,195,579.

The previous section describes metrics and the table below shows the allocation of points achieved by PSEG LI for each of the metric categories: Customer Satisfaction, Technical and Regulatory and Financial. While the OSA permits superior performance to result in an adjustment of the base points earned for each performance metric, the OSA also defines the Maximum Possible Points that may be earned within each Performance Category as the sum of the base points for all performance metrics within that Performance Category. Excess points achieved in one Performance Category may not offset missed targets in another Performance Category, either by applying the points or dollars to that category. The dollars achieved in a category are limited by the maximum possible points assigned to that category. LIPA's calculation of the incentive amount is set forth below.

### **LIPA Calculation of Incentive Compensation**

<b>Performance Categories</b>	<b>Allocation of Incentive Comp Pool</b>	<b>Dollars Assigned to Category</b>	<b>Maximum Possible Points</b>	<b>Points Achieved</b>	<b>Performance Score</b>	<b>Incentive Amount</b>
Customer Satisfaction	40%	\$4,078,231	45.00	36.25	0.8056	\$3,285,242
Technical & Regulatory	30%	\$3,058,674	30.00	30.00	1.0000	\$3,058,674
Financial Performance	30%	\$3,058,674	24.00	24.00	1.0000	\$3,058,674
<b>Total</b>		<b>\$10,195,579</b>	<b>99.00</b>	<b>90.25</b>	<b>N/A</b>	<b>\$9,402,589</b>

Table Note #1: The number of Points Achieved for each category is limited by its Maximum Possible Points level.

LIPA verified that PSEG LI met or surpassed the 100% target levels for 24 of the 26 metrics that were mutually agreed upon for the 2021 Contract Year. Both of the two metrics that were missed (both JD Power Survey metrics), failed to reach the lowest 25% target level, thus earning 0 base points, but in both cases, the performance was above the respective Minimum Performance Levels (MPLs).

## ***Appendix - LIPA Verification of Metric Performance***

LIPA staff utilizes a multi-pronged approach to monitoring, reviewing, analyzing, and verifying the performance levels reported by PSEG LI:

- Review of the monthly scorecards produced by and discussed with PSEG LI relative to performance metrics
- Review of operational reports and data used by PSEG LI management to operate the utility
- Process reviews and audits of individual metrics covering the reported metric performance from the data source through final reporting
- Year-end review of the performance for the full contract year

### **Monthly Scorecard Review Process**

Following each calendar month during a contract year, PSEG LI submits to LIPA a report on the performance for each of the Tier 1 and Tier 2 performance metrics including monthly and year to date performance. Accompanying the performance data for each metric is supporting detail that highlights performance trends, performance by organization, status and effectiveness of existing and/or new initiatives, and other appropriate breakdowns of the performance reported.

Staff from LIPA and PSEG LI meet monthly to review the scorecard report and to discuss change initiatives, operational events, and issues that affected performance levels.

LIPA's staff reviews these scorecard reports in detail, focusing on performance levels that:

- Vary significantly from month-to-month and year-to-year
- Fail to meet the monthly or year-to-date targets
- Exceed the monthly or year-to-date targets

Questions or concerns that arise from the LIPA review of the scorecard report are discussed at the monthly scorecard meeting.

### **Review of Reports**

LIPA reviews reports that are prepared by and/or used by PSEG LI management to operate the utility. Most of these reports are produced monthly and reflect operational statistics by month and year-to-date. In some cases, there are reports that are more detailed to also reflect daily performance. LIPA reviews such reports monthly and periodically meets with PSEG LI managers to review the reports and to discuss operations. These reports cover a broad range of areas of the business, including financial and budgets, reliability, REV and energy efficiency and customer service related reports. Report formats vary from electronic within PSEG LI's system of record, such as OMS, CAS or SAP, or in a more traditional format, such as an electronic extract file (e.g. Excel based).

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### **Process Reviews of Individual Metrics**

The performance levels reported by PSEG LI in the monthly scorecard reports reflect data that flows from a variety of information systems and which are processed by employees throughout the PSEG LI organization. LIPA's Performance Assessment group partners with the Audit Department to conduct detailed reviews and audits of the performance metrics that span the source of the data through the end reporting and that cover the data flow, calculations, adjustments, exceptions and controls associated with each metric.

LIPA selects metrics for process audits each year to ensure the veracity of the metric performance calculations. The introduction of new metrics, major process changes, new technologies and new programs or initiatives, and new computer systems are examples of measures that may drive process audits for specific performance metrics. With no new metrics introduced in 2021 and all existing metrics reviewed over the last two years, there were no audits conducted during the year that were applicable to the 2021 Contract Year. Through year-end 2021, 20 of the 24 non-budget Tier 1 metrics have been subject to process reviews. The remaining four non-budget metrics are reported by and/or validated by outside organizations, namely, JD Power (for JD Power Residential and Business Customer Surveys), Demand Side Analytics (for Energy Efficiency Annualized Savings) and the New York State Department of Public Service (for Customer Complaint Rate).

Additional details regarding these findings are discussed in the in the applicable metric sections of this report.



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## Year End Review of Performance and Supporting Data

This section of the document provides LIPA's evaluation of the performance for each of the metrics, along with a description of the method used to verify the reported performance.

- **Capital and Operating Budget**

PSEG LI must achieve spending levels less than or equal to 102% of the approved capital and operating budgets. If both are achieved, then PSEG LI is eligible to earn 100% of the incentive compensation pool, depending on their performance on the remaining metrics. If one of the two is achieved, PSEG LI is eligible to earn 50% of the incentive compensation pool, depending on their performance on the remaining metrics. If neither is achieved, then PSEG LI is not eligible to earn any incentive compensation for that contract year.

The 2021 Capital Budget, inclusive of Utility 2.0, was originally set at \$698.3 million. This was amended to \$683.3 million and finalized at the December 15, 2021 LIPA Board of Trustees meeting. The amended budget reflects the following: 1) an addition of \$27.1 million related to a property acquisition completed in August 2021, 2) a reduction of \$19.2 representing the movement of monies from Transmission & Distribution Capital to FEMA and 3) a reduction of \$22.9 million to allow for the carryover of capital projects from 2021 to 2022, for: (i) \$9.1 million in Information Technology projects, (ii) \$8.8 million in delayed fleet purchases, (iii) \$4.4 million associated with a delay in receipt of a substation transformer, and (iv) \$0.7 million associated with the Dusk to Dawn Program. The amended Capital Budget, inclusive of a 2% allowance, resulted in a year-end adjusted target of \$697.0 million (\$683.3 million x 102%).

The 2021 Operating Budget, inclusive of Utility 2.0, was originally set at \$551.0 million but was amended to \$557.0 million. This additional \$6.0 million was comprised of \$5.5 million for Enhanced Vegetation Management and \$0.5 million for the Low-to-Moderate Income (LMI) Heat Pump Program, which was funded by a settlement received from the New York State Attorney General. The amended Operating Budget of \$557.0 million, inclusive of a 2% allowance, resulted in an adjusted year-end target of \$568.1 million (\$557.0 million x 102%).

The adjustments to the 2021 Capital and Operating budgets were finalized by the LIPA Board of Trustees at their December 15, 2021 meeting.

PSEG LI's actual 2021 Operating and Capital budget spending levels of \$546.5 million and \$630.9 million, respectively, were less than the final target amounts for both budgets. PSEG LI is therefore eligible to earn 100% of the incentive compensation pool.

LIPA verified budget performance by reviewing financial reports produced by both LIPA and PSEG LI, as well as budget information prepared for and reported at the December 15, 2021 LIPA Board of Trustees meeting.

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- **JD Power Residential & Business Customer Satisfaction Surveys**

The performance targets for these two metrics are designed to dynamically reset each year. This is based on the combination of actual performance of PSEG LI and its peers, as well as the years remaining until the ultimate objective of first quartile level performance is to be achieved. Additionally, a fixed rank component among its respective peer groups for residential and business is in place as an alternative means of achieving the ultimate objective of first quartile performance.

The 100% target level for the 2021 Residential Customer Survey was an overall score of 730 or 8<sup>th</sup> place (out of 17 companies in the peer panel). The 100% target level for the 2021 Business Customer Survey was an overall score of 789 or 6<sup>th</sup> place (out of 12 companies in the peer panel).

- **JD Power Residential Customer Satisfaction Survey**

JD Power publishes the results of the annual residential survey performance in December of each year. The performance reported reflects four quarters of surveys conducted from January through November. PSEG LI's performance for this period was a score of 677, which was second to last in its peer group. As such, PSEG LI failed to reach not only the 100% target level of 730, but also the 25% target level of 704. However, the performance was above the Minimum Performance Level of 657. Therefore, PSEG LI earned no incentive compensation for this metric in 2021. LIPA verified the performance level for this metric by reviewing the scores for each of the quarterly residential surveys published by JD Power on their website, as well as the final syndicated score of the four quarters, which the annual OSA metric is based on.

- 2021 Syndicated Score - 677 (16<sup>th</sup> place of 17 participants – East Large Peer Group)

- **JD Power Business Customer Satisfaction Survey**

JD Power publishes the results of the annual business survey performance in November of each year. The performance reported reflects two waves of surveys conducted during 2021. PSEG LI's performance for this period was a score of 737, which was last place in the peer group and a significant drop from the 2020 year-end score of 781. As such, PSEG LI failed to reach not only the 100% target level of 789, but also the 25% target level of 773. However, the performance was above the MPL of 710. Therefore, PSEG LI earned no incentive compensation for this metric in 2021. LIPA verified the performance level for this metric by reviewing the scores for each of the business survey waves published by JD Power on their website, as well as the final syndicated score of the two waves, which the annual OSA metric is based on.

- 2021 Syndicated Score – 737 (12<sup>th</sup> place of 12 participants – East Large Peer Group)

- **After Call Surveys (Residential and Business Customers)**

Customers who contact the call center and speak with a representative are invited to take a five-question survey at the end of the call to measure satisfaction. Customers are asked to rate the satisfaction related to each question on a scale of 1 to 5, with 5 being the highest rating. Ratings of 4 and 5 are counted as satisfied.

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In 2021, PSEG LI's performance was 95.1% for the residential survey and 96.3% for the business customer survey, surpassing the targets of 91.5% for each.

These two metrics have previously been subject to independent process audits and were examined once again in 2020. LIPA's Internal Audit Report "PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics", issued on May 12, 2021, found no issues, ensuring that processes and calculations are being performed as intended and that the reported data can be relied upon, without exception.

### After-Call Residential and Business Survey Results

Month	Residential Customers	Business Customers
January	95.0%	96.3%
February	95.4%	97.1%
March	95.3%	95.8%
April	94.7%	95.2%
May	94.9%	96.6%
June	95.2%	96.6%
July	94.8%	96.7%
August	95.1%	97.1%
September	95.1%	96.0%
October	95.5%	96.5%
November	94.7%	96.5%
December	95.4%	96.2%
<b>2021 Full-Year Performance</b>	<b>95.1%</b>	<b>96.3%</b>

- **Personal Contact Surveys**

This metric measures the satisfaction of customers that have been in personal contact with a PSEG LI employee in four areas:

- Electric field representatives responding to partial light complaints
- Major account executives
- Customer offices
- Energy efficiency hotline in the call center

The metric score reflects a combination of the results from these four survey categories. Customers are invited to take a five-question survey when they interact with a PSEG LI employee in one of the four categories. Customers are asked to rate their satisfaction related to each question on a scale of 1 to 5, with 5 being the highest rating. The top 2 ratings (4 and 5) are counted as satisfied.

Due to the COVID-19 pandemic, all customer offices were closed in March 2020 and remained closed throughout 2021. As such, this survey component was not counted in the overall statistics for 2021 and the relative weighting of the three remaining components has increased from 25% each to approximately 33.3% in response to the customer offices being closed and no longer an applicable measure of customer personal contact satisfaction. Each of the three components experienced similarly strong performance, with Electric Field Rep and Energy Efficiency both at 97.1% for the year, and Major Accounts at 98.5%.

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The combined score of 97.6% customers satisfied surpassed the target performance level of 92.0%.

This metric has previously been subject to independent process audits, and was examined once again in 2020. LIPA's Internal Audit Report "*PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics*", issued on May 12, 2021, found no issues, ensuring that processes and calculations are being performed as intended and that the reported data can be relied upon, without exception.

Month	Combined Personal Contact Survey Performance
January	97.7%
February	97.5%
March	96.5%
April	98.3%
May	98.2%
June	96.2%
July	98.3%
August	98.5%
September	98.3%
October	94.6%
November	97.2%
December	97.5%
<b>2021 Full-Year Performance</b>	<b>97.6%</b>

- **Customer Complaint Rate**

This metric measures the total number of initial customer complaints registered with the New York Department of Public Service/Public Service Commission. The monthly value is calculated by taking the total number of initial complaints divided by the total PSEG LI customer population, with that result then multiplied by 100,000.

The 2021 year-end result of 2.0% was much better than the target of 6.5% and represented a significant improvement from the 2020 year-end result of 11.8%, with the 2020 result greatly influenced by the events and aftermath of Tropical Storm Isaias. PSEG LI's 2021 performance was second best among its peer group of ten New York electric and gas companies.

LIPA successfully verified the reported performance by ensuring that the reported values agreed with those contained on the DPS website under the reported monthly results provided under Matter Number 19-00950 – "In the Matter of Consumer Complaint Statistics – Office of Consumer Services".

- **Average Speed of Answer (ASA)**

The average speed of answer is measured as a combination of those customers who have their question or issue resolved via the automated Integrated Voice Response system (IVR) and those customers who opt out of the IVR and wait to speak with a customer.

PSEG LI's 2021 ASA performance of 12 seconds was better than the target of 19 seconds.

## LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

This metric has previously been subject to independent process audits, and was examined most recently in 2020. LIPA’s Internal Audit Report “*PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics*”, issued on May 12, 2021, found no issues, ensuring that processes and calculations are being performed as intended and that the reported data can be relied upon, without exception. LIPA is provided access to call center performance data for the entire year, including reports generated by the call center call distribution system, the IVR system and the high-volume call center vendor that is used to augment the call center resources in high volume call times.

Month	ASA
January	8.6
February	7.4
March	9.4
April	9.3
May	7.2
June	10.7
July	9.1
August	15.0
September	10.7
October	9.9
November	29.3
December	23.9
<b>2021 Full-Year Performance</b>	<b>12.5</b>

- ASA is calculated as the total wait time in seconds divided by the total number of calls answered. Calls answered include those by a representative, the IVR system and the high-volume call center vendor.
  - Calls answered by representative = 1,108,950
  - Calls answered by IVR system = 1,787,818
  - Calls answered by high volume call center vendor = 29,271
  - Total calls answered = 2,926,039
  - Total wait time in seconds = 36,463,510
  - ASA =  $36,463,510 / 2,926,039 = 12.46$  seconds
  
- **First Call Resolution (FCR)**

FCR is calculated by taking all residential and commercial calls for issues deemed to have been successfully handled on the first call and dividing by the total number of customer responses (first calls + multiple calls).

The metric was most recently examined in detail for the 2019 OSA Contract Year, with no issues found, ensuring that processes and calculations are being performed as intended and that the reported data can be relied upon, without exception. There have been no methodological changes to the metric calculation since that time.

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Month	83.2%	83.3%	82.7%	82.3%	82.7%	83.0%	83.0%	83.3%	83.7%	84.0%	82.8%	81.2%
YTD	83.2%	83.2%	83.1%	82.9%	82.8%	82.9%	82.9%	83.0%	83.1%	83.2%	83.1%	83.0%

## LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

The year-end result of 83.0% showed improvement over the prior year's result of 82.4% and also exceeded the 100% target of 82.8%, but fell short of the 125% target of 84.0%. The FCR rate for Residential customers (81.3%) outpaced the corresponding rate for Commercial customers (78.7%).

- **Customer Self-Service (CSS)**

The four components comprising the overall Customer Self-Service metric and their respective relative weightings are as follows: 1) Electronic payments as a % of total payments (30.0% weighting), 2) Paperless billing total enrollment as a % of total customer base (30.0% weighting), 3) Energy efficiency audits, as measured against a best-case of one audit per customer every 10 years (30.0% weighting) and Mobile App downloads (10.0% weighting).

This metric has previously been subject to independent process audits, ensuring that the processes and calculations are being performed as intended. The most recent of which was LIPA's Internal Audit Report "PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics", issued on May 12, 2021. Two relatively minor observations were noted related to the Electronic Payment and Mobile App Download components. The underlying issues were rectified, and in the case of the Mobile App Downloads, the process by which the count is performed was modified. There were no additional issues identified during the course of 2021.

The table below shows the stated monthly performance for all four components of this metric.

Month	Electronic Payments		Paperless Billing		Energy Efficiency Audits		Mobile App Downloads		CSS Overall %
	YTD Count	YTD %	YTD Count	YTD%	YTD Count	YTD%	YTD Count	YTD%	
Jan	618,127	72.1%	447,189	39.3%	925	0.8%	291,752	25.6%	<b>36.2%</b>
Feb	1,282,915	72.9%	450,246	39.6%	1,706	1.5%	300,231	26.4%	<b>36.8%</b>
Mar	2,057,680	73.1%	451,612	39.7%	2,436	2.1%	308,379	27.1%	<b>37.2%</b>
Apr	2,698,001	73.0%	454,035	39.9%	3,081	2.7%	314,788	27.7%	<b>37.5%</b>
May	3,364,421	73.1%	455,983	40.1%	3,622	3.2%	323,851	28.4%	<b>37.8%</b>
Jun	4,099,612	73.4%	457,773	40.2%	3,893	3.4%	332,720	29.2%	<b>38.0%</b>
Jul	4,765,569	73.4%	459,615	40.4%	4,225	3.7%	345,085	30.3%	<b>38.3%</b>
Aug	5,506,013	73.6%	461,194	40.5%	9,717	8.5%	362,043	31.8%	<b>40.0%</b>
Sep	6,204,179	73.7%	462,993	40.7%	37,637	33.1%	371,202	32.6%	<b>47.5%</b>
Oct	6,950,572	73.9%	481,041	42.3%	46,019	40.4%	387,703	34.1%	<b>50.4%</b>
Nov	7,701,581	74.1%	492,833	43.3%	46,553	40.9%	398,313	35.0%	<b>51.0%</b>
Dec	8,389,966	74.0%	493,699	43.4%	46,930	41.2%	406,891	35.7%	<b>51.2%</b>

Table Note: Please see information related to LIPA Internal Audit findings above this table. Process change per audit recommendation implemented for Mobile App Downloads commencing May 2021.

Overall year-end stated performance for the CSS metric was 51.2%, surpassing both the 100% target of 48.5% and the 125% target of 49.8%; there was no 150% target level set for the 2021 Contract Year. Performance was strong across the board, as each of the four underlying components surpassed their respective individual targets.

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- **Electric Reliability Metrics – SAIDI, SAIFI and CAIDI**

These metrics collectively provide a measure of PSEG LI's performance relative to electric outage frequency, customers affected and duration, for sustained outages of greater than five minutes in length.

These metrics have previously been subject to independent process audits and consultant reviews ensuring that the processes and calculations are being performed as intended. The most recent in-depth examination was performed in 2019 and reported on in the LIPA Internal Audit Report *"PSEG Long Island 2019 Operations Services Agreement (OSA) Metrics"*, issued on February 13, 2020.

LIPA is provided access to detailed OMS information for the entire year and has been able to verify the annual performance results. LIPA verified the reported performance results for these electric reliability metrics via monthly and year-end review of the outage data and by recalculating the reported performance levels using the number of customers interrupted, outage restoration times and the number of customers served.

Performance	# Customers	CI	CMI	SAIDI	SAIFI	CAIDI
Actual	1,138,340	773,082	62,249,488	54.7	0.68	81
Target				59.0	0.76	85

Note: "CI" and "CMI" denote Customer Interruptions and Customer Minutes Interrupted for sustained outages, respectively.

SAIDI = 62,249,488 outage minutes divided by 1,138,340 customers served = 54.7 (better than target)

SAIFI = 773,082 customers interrupted divided by 1,138,340 customers served = 0.68 (better than target)

CAIDI = 62,249,488 outage minutes divided by 773,082 customers interrupted = 81 (better than target)

In 2021, SAIDI and SAIFI were positioned as Improvement metrics. In both cases, performance improved year-over-year. For SAIDI, the 54.7 minute year-end performance surpassed the 100% target of 59.0, but fell a little short of the 125% target level of 51.3 minutes. For SAIFI, the 0.68 year-end performance surpassed the 100% target level of 0.76, but fell just short of the 125% target level of 0.67.

The total number of customers interrupted in 2021 was 827,804 for a total outage duration time of 76,609,365 minutes. The total number of customers served was 1,138,340. Outage events lasting more than 24 hours or causing sustained outages for more than 10% of the total customers in a specific electric division in the PSEG LI service territory are excluded from the reliability metric calculations. Excluding the two major storm events that occurred during the year reduces the number of customers interrupted to 773,082 and the outage duration time for those customers to 62,249,488 minutes.

- **Other Electric Reliability Metrics – Momentary Average Interruption Frequency Index (MAIFI)**

MAIFI is similar to SAIFI, as it is a measure of outage frequency. However, it is confined to the measurement of the frequency of momentary customer interruptions, defined as lasting less than five minutes in duration.

## LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

Performance	# Customers	CI (Momentary)	MAIFI
Actual	1,138,340	2,026,993	1.78
Target			2.56

Note: "CI (Momentary)" denotes Customer Interruptions for momentary outages less than 5 minutes in duration.

**MAIFI** = 2,026,993 (momentary) outage minutes divided by 1,138,340 customers served = 1.78

This surpassed both the 100% (2.56) and 150% (2.13) target levels.

LIPA verified the MAIFI performance level via monthly and year-end review of the outage data and by recalculating the reported performance levels using the number of customers momentarily interrupted and the number of customers served.

The MAIFI metric was most recently examined for the 2019 OSA Contract Year, with that review finding no material issues. There were no issues found by LIPA during its routine monthly and year-end data reviews conducted for this 2021 OSA Contract Year, meaning that the data can be relied upon, without exception.

- Occupational Safety and Health Administration (OSHA) Recordable Employee Injury Incident Rate and Days Away from Work After Injury**

These metrics measure PSEG LI's performance on employee safety; the rate at which employees are injured on the job and the severity of those injuries. PSEG LI's performance for the injury incident rate was 0.96, reflecting 23 recordable injuries, which was under (favorable) the target performance level of 1.27. The OSHA injury incident rate represents the number of injuries for each 100 full-time employees. PSEG LI's performance for the days away rate, which represents the number of lost time days for each 100 full-time employees, was 6.21, reflecting 149 lost time days, which was under (favorable) the target performance level of 17.00.

Both OSHA metrics were most recently examined in 2019, with the results reported in LIPA's Internal Audit Report "*PSEG Long Island 2019 Operations Services Agreement (OSA) Metrics*", issued on February 13, 2020. There were no exceptions noted in the audit report, which means that it had been concluded that data was calculated accurately<sup>5</sup>. In 2021, supporting monthly and annual data was examined via existing testing protocols and there were no exceptions noted.

The OSHA incident rate represents the number of recordable injuries per 100 full-time employees. The rate is calculated as the number of recordable injuries x 200,000 divided by the number of exposure hours; (200,000 = 100 employees x 2,000 hours in a year). Exposure hours are those hours worked directly and exclude vacation, sick time and training.

The 2021 performance rate is calculated as (23 recordable injuries x 200,000) divided by 4,799,973 exposure hours or 0.96 injuries per 100 full-time employees.

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<sup>5</sup> The OSHA Days Away calculation is correct as defined for the OSA and as the target is defined, though carry-over days (i.e. incidents that occur in one year and span into the following year) are trued-up for reporting to OSHA.



## LIPA Evaluation of PSEG Long Island Performance on OSA Incentive Compensation Metrics

The OSHA days away rate represents the number of lost work days due to injury per 100 full-time employees. The rate is calculated as the number of lost work days due to injury x 200,000 divided by the number of exposure hours; (200,000 = 100 employees x 2,000 hours in a year). Exposure hours are those hours worked directly and excludes vacation, sick time and training.

The 2021 performance rate is calculated as (149 lost work days due to injury x 200,000) divided by 4,799,973 exposure hours or 6.21 lost work days due to injury per 100 full-time employees. There were no carryover days into 2022 for injuries occurring in 2021.

- **Reduce Motor Vehicle Incidents/Accidents**

This metric measures the progress made towards reducing the number of motor vehicle incidents/accidents (MVs) that PSEG LI employees driving a company vehicle are involved in during the year. This metric counts all types of incidents, irrespective of whether the party at fault was deemed to be a PSEG LI employee or a member of the public.

The 100% target for 2021 was established as a 5.8% reduction in MVs from the 2019 year-end amount. PSEG LI had another successful year in 2021, further reducing reported MVs from the 2019 year-end amount of 104 to 61 by 2021 year-end, representing a 41.3% improvement over that period. PSEG LI's 2021 year-end performance of 61 MVs resulted in them surpassing the 150% target level of 80 MVs (23.1% targeted improvement over 2019 YE). LIPA notes that driving safety protocols have been successfully implemented and that the results over the last several years are reflecting the safer driving habits of PSEG LI's employees.

This metric was examined in 2019 and once again in 2020, with the most recent results reported in LIPA's Internal Audit Report "PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics", issued on May 12, 2021. The most recently completed 2020 audit found no issues with this metric, therefore, the reported data can be relied upon, without exception.

- **AMI Installations**

This metric measures the total amount of new AMI meters that have been installed and determined to be successfully communicating during 2021. For 2021, LIPA and PSEG LI mutually agreed to an accelerated deployment plan that targeted successful installation of AMI meters to at least 95% of the eligible customers. This effort was to be completed by the start of "Storm Season", defined as commencing after August 31, 2021.

The 2021 AMI metric criteria, targets and performance can be summarized as follows:

100% Target Level Criteria	125% Target Level Criteria	150% Target Level Criteria
336,000 meters installed and RF communicating by 8/31/2021	341,750 meters installed and RF communicating by 8/31/2021  125% level amount of meters bill ready (RIML'd) by 9/30/2021	345,000 meters installed and RF communicating by 8/31/2021  125% level RIML criteria by 9/30/2021  150% level: Opt Out Rate of 0.51%  150% level: Cumulative Cost/Residential Install of \$45.33 per AMI meter

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2021 Actual Performance	Aug 31	Sept 30	Dec 31 Year-End
Installed & Communicating	346,219	351,512	361,219
Bill Ready (RIML'd)		351,090	
Cumulative Opt-Out Rate			0.43%
Cost Per Residential Cumulative Meter Installed (Utility 2.0)			\$38.45

At the close of August 2021, PSEG LI's had installed 346,219 meters that were successfully communicating, surpassing both the 100% and 150% target levels of 336,000 and 345,000 meters, respectively. By the close of September 2021, 351,090 meters were billing ready, surpassing the 125% target level of 341,750 meters. By year-end, 361,219 meters had been successfully installed and communicating. Also at year-end, PSEG LI had met the criteria related to the AMI Opt-Out Rate and the Cost per/Utility 2.0 residential installation to successfully achieve the 150% target level. PSEG LI reached a year-end cumulative opt-out rate of 0.43% which was under (favorable to) the 2021 year-end target of 0.51%, with the ultimate objective to be at a cumulative opt-out rate of 0.50% by the conclusion of the AMI roll-out in 2022. The Cost per/Utility 2.0 residential installation finished the year at \$38.45, well under the target level of \$45.33.

Finally, this metric, inclusive of the AMI Opt-Out Rate and Cost per/Utility 2.0 residential installation elements, was examined most recently via the LIPA Internal Audit "*PSEG Long Island 2019 Operations Services Agreement (OSA) Metrics*", issued on February 13, 2020. Minor process errors identified in that audit were corrected prior to 2019 year-end and have not reoccurred. The 2021 year-end performance review produced no further observations, and LIPA concurs with PSEG LI's reported performance and that the 150% level was successfully achieved in 2021.

- **Net Write-Offs Per \$100 Revenue**

This metric measures the effectiveness of PSEG LI's recovery efforts of uncollectible revenue. It is an overall measure of the possibility of the business incurring bad debts and represents a comparison between total sales and those for which payment is not recoverable and therefore written off as losses. The performance level for this metric is calculated as the net of the gross write-offs minus any amounts recovered that were previously written off. The gross write-off amount is based on final bill balances that age past 180 days plus accounts that go into bankruptcy, which are written off sooner. The recovery amounts reflect the collection of monies by PSEG LI or collection agencies and the transfer of written off balances to active customer accounts, if discovered to be the same customer.

Given the climate where a new OSA and metrics structure was being negotiated and developed, LIPA and PSEG LI agreed to an overall minimalist approach for setting 2021 metrics targets, and as such, mutually agreed to hold targets at 2020 levels, where possible. In keeping with that, the 2020 target level for this metric of \$0.54 was retained for 2021. PSEG LI's performance for 2021 was \$0.28, which was much lower (favorable) than the target level. The COVID-19 pandemic positively affected this metric's performance in 2021, with a slowdown in write-offs, as the Collections moratorium that commenced in March 2020 continued to work its way through the write-off cycle. As an illustrative pre-COVID comparison, rolling 12-month write-offs at year-end 2021 were

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approximately \$6.7 million less than they were in 2019. Further contributing to the overall positive results, rolling billed revenues at 2021 year-end were over \$432 million higher (12.0%) than at the same point in 2019.

This metric has been the subject to independent process audits in the past, and was examined again in 2020, with the most recent results reported in LIPA's Internal Audit Report "PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics", issued on May 12, 2021. There were no exceptions noted in the audit report as data was presented and calculated accurately. Additionally, LIPA is provided access to a detailed monthly DSO/Net Write-Off Excel report that allows for the recalculation of monthly and rolling 12-month results. LIPA is also provided with a detailed revenue report from CAS named "Revenue Total By Rate", allowing for the verification of revenue amounts contained in the Excel report. Additionally, information pertaining to final account balances and charge-offs is made available.

The table that follows shows the monthly YTD performance for the metric, followed by the summary calculations for the December monthly and rolling 12-month reported performance.

Month	Rolling Net Write-Off YTD Performance
January	\$0.35
February	\$0.33
March	\$0.31
April	\$0.29
May	\$0.27
June	\$0.27
July	\$0.25
August	\$0.24
September	\$0.24
October	\$0.25
November	\$0.26
December	\$0.28

December 2021 MTD (Monthly View) calculation of Net Write-Off per \$100 Revenue

- Net write-off per \$100 revenue = (Net Write-Off Amount / (Billed Revenue/ \$100))
- $\$1,331,567 / (\$292,820,238 / \$100) = \$0.455$

December 2021 YTD (Rolling 12 Months) calculation of Net Write-Off per \$100 Revenue

- Rolling 12-Month Net write-off per \$100 revenue = (Net Write-Off Amount / (Billed Revenue / \$100))
- $\$11,270,944 / (\$4,046,947,227 / \$100) = \$0.279$

- **Accounts Receivable (AR) > 90 Days**

This metric measures the percent of arrears that have aged more than 90 days. For YTD reporting, the metric is measured as the rolling 12-month total dollars outstanding more than 90 days/rolling 12-month total dollars outstanding.

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PSEG LI's 2021 year-end stated performance for this metric was 30.6%, which was under (favorable) the 100% target level of 31.6%. LIPA concurs with PSEG LI's stated performance. LIPA and PSEG LI mutually agreed to a year-end target that reasonably reflected the environment that existed due to the Collections moratorium that had been in place beginning in March 2020 due to the COVID-19 pandemic. Some collections activities resumed in 2021 as the pandemic eased, including resumption of commercial customer collections, locks and terminations during Q4 2021. LIPA notes that total dollars in arrears has increased approximately 50% since the onset of the pandemic, and is a focus of a metric in 2022 under the 2<sup>nd</sup> Amended & Restated OSA.

The most recent in-depth examination was performed in 2019 and reported on in the LIPA Internal Audit Report "*PSEG Long Island 2019 Operations Services Agreement (OSA) Metrics*", issued on February 13, 2020.

- **Energy Efficiency Annualized Savings (EE)**

This metric definition previously underwent a change for the 2020 OSA Contract Year, with the savings/reduction measurement moving from Megawatt-hours (MWHs) to Metric Million British Thermal Units (MMBTUs). The metric measures PSEG LI's performance in delivering load and emissions reductions through the operation of various energy efficiency and beneficial electrification programs. PSEG LI's reported performance in 2021 for its EE/beneficial electrification programs resulted in an overall reduction of 1,266,176 MMBTUs. Therefore, both the 100% and 150% (1,099,976 and 1,200,000 MMBTUs, respectively) target levels were surpassed.

Verification of performance in this area is complex and has historically been conducted by a 3<sup>rd</sup> party with subject matter expertise. In 2021, PSEG LI continued to engage with Demand Side Analytics (DSA) to verify the reported MMBTU savings. Demand Side Analytics has provided a draft verification of PSEG LI's 2021 evaluated savings performance, "*2021 Verified Ex Ante Savings Final*", attached, and will provide the final verification by June 2022. In past years, the numbers in the final report have not typically differed by any material amount and therefore, the preliminary numbers can be relied upon for incentive compensation certification purposes. LIPA notes that per Demand Side Analytics' January 31, 2022 draft report, the "Verified Ex Ante Savings" amounted to 1,265,623 MMBTUs, which was essentially the same as PSEG LI's reported savings amount of 1,266,176 MMBTUs, which results in PSEG LI successfully meeting the 150% target level for this metric.

## **Focus Area Metrics**

- **Double Wood Poles**

This metric measures the amount of double wood poles, as recorded in the National Joint Utilities Notification System (NJUNS), as of December 31, 2021. The target for the initial base point was to reach a level of 9,110 double wood poles by 2021 year-end, with a second point to be awarded to PSEG LI for successfully reducing the net double wood count by an additional 10% (911 poles), which would be achieved with a year-end result of less than or equal to 8,199 poles.

This metric was the subject of LIPA Internal Audits in 2018 and again in 2019 due to various challenges experienced in accurately tracking and recording pole counts. This is complicated by the fact that a third-party system (NJUNS) is relied upon as the system of record. The recent audits have resulted in process improvements being implemented that have helped to streamline the tracking and reporting processes, better ensuring accurate and traceable records.

The 2021 year-end stated performance was 6,295 double wood poles, which was significantly lower than (favorable) both the base (9,110) and additional (8,199) target levels. LIPA notes that PSEG LI and Verizon have experienced improved cooperation and coordination over the last several years, with Verizon's pole removal efforts being a significant driver of the overall favorable 2021 year-end result.

- **Low to Moderate Income (LMI) Enrollees**

This metric measures the number of LMI reduced rate enrollees in 2021. Successfully meeting this metric entails meeting or exceeding the target of 35,000 enrollees for any single month during the year.

PSEG LI's performance for 2021 was 46,917, which reflects the maximum enrollee count for the year, achieved in August 2021. PSEG LI's performance surpassed the target level of 35,000 enrollees, but fell a little short of the 47,500-enrollee level necessary to achieve an additional point.

This metric was previously examined via the LIPA Internal Audits and Process Reviews, with the most recent review conducted in 2020 for the 2019 OSA Contract Year. There have been no exceptions noted in these prior reviews, which means that it had been concluded that data was calculated accurately. LIPA performed a year-end review of the 2021 supporting metric data and found no material issues.

- **Electric Vehicles**

This metric measures two criteria: 1) the number of customers that adopted the electric vehicle time-of-use (TOU) rate by year-end as well as, 2) those that are participating in the Off-Peak Rewards program.

PSEG LI's stated performance for this metric was 70 enrollments in the electric vehicle TOU rate and 2,371 enrollments in Off-Peak Rewards, for a total of 2,441 vehicles in 2021, as compared with a target of 1,000. The additional point level was set at a total of 1,600 customers. As such, PSEG LI met the requirements to earn both the base and additional point for this metric.

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Additionally, this metric was subject to an independent process audit in 2020, with the results reported in LIPA's Internal Audit Report "*PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics*", issued on May 12, 2021. There was an observation related to vehicle miscounts/double counts, both favorable and unfavorable to PSEG LI's overall performance. These issues were subsequently rectified by PSEG LI and no reoccurrences were noted during the review of the 2021 Contract Year results.

- **Heat Pumps**

This metric measures the number of Heat Pump installations during the year. PSEG LI was eligible for two possible base points on this metric; one for reaching the base level target of 4,447 heat pump installations, and an additional point for reaching an overall target level of 5,297 installations made during the calendar year. These targets were set in part based on the heat pump levels contemplated in the Utility 2.0 & Energy Efficiency Plan.

PSEG LI exceeded both of the aforementioned targets with a reported performance of 6,722 Heat Pump Installations in 2021. This performance was examined in the "Verified Ex-Ante Savings" memo issued by Demand Side Analytics, which found no issues with the data that was made available. LIPA expects to receive final confirmation of this performance from Demand Side Analytics when the "Ex-Post Report" is issued in June 2022. Additionally, this metric was subject to an independent process audit in 2020, with the results reported in LIPA's Internal Audit Report "*PSEG Long Island 2020 Operations Services Agreement (OSA) Metrics*", issued on May 12, 2021. There were no exceptions noted in the audit report as data was presented and calculated accurately.