



Reforming Long Island’s Electric Service: Accountability for Performance

The reformed contract between LIPA and PSEG Long Island includes **\$40 million of at-risk compensation**, or 51% of the total management fees paid each year by LIPA, including:

- \$20 million of Variable Compensation at-risk based on performance standards set by LIPA, with an independent recommendation to the LIPA Board by the Department of Public Service (DPS), the staff arm of the State Public Service Commission. These performance standards ensure that PSEG Long Island’s compensation is tied to delivering meaningful results for Long Island and Rockaways electric customers.
- \$20 million of DPS Compensation at-risk if PSEG Long Island violates its Emergency Response Plan or fails to provide safe and adequate service, as determined by an independent DPS investigation and recommended to the LIPA Board.

For 2022, LIPA and PSEG Long Island have agreed to **96 performance standards**, distributed across all of the management services provided to LIPA and its customers. These metrics, which will be reset annually by LIPA and DPS, are designed to be achievable levels of improvement (or to maintain already high levels of service) that are objectively verifiable. The funds to achieve this performance are also budgeted, tying realistic plans and budgets to achievable, measurable outcomes each year.

Q: How do the performance standards under the reformed contract compare to LIPA’s existing management contract with PSEG Long Island?

LIPA’s existing contract has a limited number of performance standards that were negotiated in 2013 and that can only be updated by mutual agreement between LIPA and PSEG Long Island. Those metrics cover only a small share of the management services provided to LIPA by PSEG Long Island and only determine \$10 million (13%) of PSEG Long Island’s compensation, as illustrated in Figure 1. The reformed contract includes performance standards for all the management services PSEG Long Island provides and the metrics are set independently by LIPA and DPS each year.

Figure 1: Accountability for Performance

	EXISTING CONTRACT	NEW CONTRACT
Number of Performance Metrics	20-26 *	96 **
Compensation at Risk	\$10 million	\$40 million

* Set in 2013 and only change with PSEG Long Island’s consent

** Up to 110 metrics set annually by LIPA and DPS

Q: Who determines if PSEG Long Island meets these performance standards?

LIPA will oversee PSEG Long Island’s performance on an ongoing basis toward achievement of the performance objectives.

At the end of each contract year, PSEG Long Island will submit to LIPA their own evaluation of their performance on each metric. Under the LIPA Reform Act, **LIPA is responsible for independently verifying and validating PSEG Long Island’s performance and then providing its evaluation to DPS, who independently evaluates LIPA’s evaluation** before any Variable Compensation is paid to PSEG Long Island. Both LIPA and DPS’ evaluation is made public each year.

Q: Are there other performance standards that apply to PSEG Long Island?

Yes. In addition to the performance measures for Variable Compensation described above, the reformed contract provides for additional “Gating” and “Default” metrics designed to set minimum standards for PSEG Long Island to meet in such areas as emergency response, reliability, cyber security, and customer satisfaction. Failure to meet these minimum standards result in “across the board” reductions to PSEG Long Island’s Variable Compensation or even termination of the contract. Figure 2 shows the “Gating” and default performance standards in the reformed contract.

Figure 2: Gating Metrics for Minimum Performance Reduce PSEG Long Island’s Variable Compensation

GATING METRIC / DEFAULT METRIC	“ACROSS THE BOARD” REDUCTION TO VARIABLE COMPENSATION AND/OR TERMINATION RIGHT
Cost Management: spending more than 102% of LIPA budgeted funds	\$10-\$20 million, depending on degree
Emergency Preparedness and Response: failure to achieve a minimum score on a 48-hour or 72-hour storm response	\$5 million (48-hour storm) to \$10 million (72-hour storm) and right to terminate contract (72-hour storm)
Reliability: failing to achieve average customer minutes within the top 37.5% of benchmarked utilities	\$10 million
Customer Satisfaction: two consecutive annual scores in the bottom 25% of J.D. Power Customer Satisfaction Survey beginning in 2024	\$3 million and right to terminate contract
Cyber Security: failure to implement measures to achieve NIST Cyber Security Framework Tier 3	Right to terminate contract

Q: How is the DPS Compensation at risk for PSEG Long Island violating its Emergency Response Plan or failing to provide safe and adequate service determined?

LIPA can ask DPS to open an investigation, or DPS can initiate an investigation itself, if either believes PSEG Long Island has violated its Emergency Response Plan or failed to provide safe and adequate service. PSEG Long Island can lose up to \$20 million of its compensation if after an investigation DPS recommends a reduction and it is adopted by the LIPA Board. This is in addition to any reductions to PSEG Long Island’s Variable Compensation as a result of the “Gating” metrics described above.

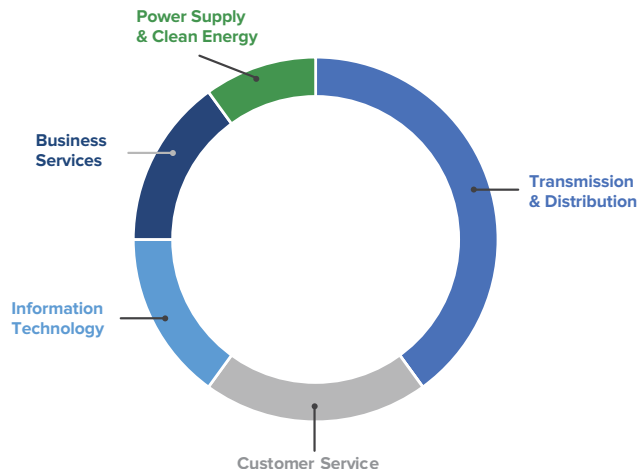
Q: How was Variable Compensation allocated to each performance standard?

Variable Compensation was allocated to performance standards considering both their importance and level of effort. While all performance standards will provide measurable benefits to LIPA customers, some measures target incremental improvements while others are more transformative. Some metrics also have greater execution risk due to the difficulty of their implementation (e.g. developing a new process versus refining an existing process). Figures 3 and 4 summarizes PSEG Long Island’s Variable Compensation by scope and area.

Figure 3: Focus Areas Across all Scopes



Figure 4: Scope Functions by Area



Q: What performance standards will be in place for 2022?

Figure 5 shows the Variable Compensation assigned to each performance standard for 2022. The complete 2022 performance standards are available on LIPA’s [website](#).

Figure 5: Summary of 2022 Performance Standards for Variable Compensation

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-1	Asset Management Program – Asset Inventory	\$150,000	Requires PSEG LI to collect and document all Transmission and Distribution (T&D) assets as part of an Asset Management Program in accordance with the the Asset Management Recommendations adopted by the LIPA Board of Trustees.
T&D-2	Asset Management Program – Governance	\$200,000	Requires PSEG LI to develop and implement effective governance of an Asset Management Program in accordance with the Asset Management Recommendations adopted by the LIPA Board of Trustees.
T&D-3	Asset Management Program – Enterprise Asset Management System (EAMS)	\$600,000	Requires PSEG LI to plan and implement a full-fledged, electronic EAMS to track all asset, work, maintenance, and inventory activities, to be used for an Asset Management Program, including preventative and predictive maintenance of the T&D system, providing improved reliability and reduced cost to customers.
T&D-4	Transmission & Distribution System Mis-Operations	\$100,000	Requires PSEG LI reduce the number of relay mis-operations on the T&D System by 5% compared to the 3-year average.
T&D-5	Transmission & Distribution Operating Errors	\$100,000	Requires PSEG LI to limit the number of operating errors on the T&D System by 5% compared to the 3-year average.
T&D-6	PTCC Replacement	\$250,000	Requires PSEG LI to execute deliverables related to strategic considerations and conceptual facility designs for the construction of a new Primary Transmission Control Center (PTCC) and Alternate Transmission Control Center (ATCC) to replace the facilities that manage the electric flows on the Long Island electric grid.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-7	System Average Interruption Duration Index (SAIDI) Reliability	\$400,000	Requires PSEG LI to maintain the outages (>5 minutes in duration) experienced by the average customer at under 1 hour annually, which is within the top 10% of peer utilities.
T&D-8	System Average Interruption Frequency Index (SAIFI) Reliability	\$200,000	Requires PSEG LI to maintain the number of outages experienced by the average customer at 1 outage (>5 minutes in duration) every 16 months, which is within the top 10% of peer utilities.
T&D-9	Momentary Average Interruption Frequency Index (MAIFI) Reliability	\$200,000	Requires PSEG LI to reduce the number of momentary outages (<5 minutes in duration) by 13% compared to the 3-year average. Performance has steadily improved and is now approaching the median level of peer utilities.
T&D-10	Reduce Sustained Multiple Customer Outages (S-MCOs)	\$150,000	Requires PSEG LI to reduce the number of customers with more than 4 outages (>5 minutes in duration) per year by 22% to meet the 3-year average, achieving performance that is within the top 25% of peer utilities.
T&D-11	Reduce Repeat Customer Sustained Multiple Customer Outages (S-MCOs)	\$200,000	Requires PSEG LI to improve circuit conditions for customers that have had more than 4 outages (>5 minutes in duration) per year for three or more consecutive years. PSEG LI will remediate circuit conditions accounting for at least 80% of these customers.
T&D-12	Reduce Momentary Multiple Customer Outages (M-MCOs)	\$150,000	Requires PSEG LI to reduce the customers with more than six momentary outages (<5 minutes in duration) per year by 20% compared to the 3-year average.
T&D-13	Safety – Serious Injury Incident Rate	\$200,000	Requires PSEG LI to safely maintain, construct, and operate the electric T&D system without risk of serious injuries and/or fatalities. The target level of performance is within the top 25% of peer utilities.
T&D-14	Safety – OSHA Recordable Incidence Rate	\$250,000	Requires PSEG LI to maintain employee safety as recorded by OSHA incidents at the 3-year average and increase focus on safety training, employee awareness, and diligence.
T&D-15	Safety – OSHA Days Away Rate	\$250,000	Requires PSEG LI to improve employee safety as measured by OSHA Days Away. The target level is approximately 22% better than the 3-year average.
T&D-16	Safety – Motor Vehicle Accident (MVA) Rate	\$100,000	Requires PSEG LI to reduce the Motor Vehicle Accident (MVA) Rate by 5% compared to the 3-year average.
T&D-17	Work Management – Short-Term Scheduling	\$150,000	Requires PSEG LI to improve work management through short term scheduling in ways that optimize staffing levels, productivity, and overtime.
T&D-18	Work Management – Workforce Management Plans	\$250,000	Requires PSEG LI to improve work management by creating an annual workplan with monthly visibility of all work to be completed in 2022.
T&D-19	Work Management – Improve Planning and Tracking of Work	\$100,000	Requires PSEG LI to improve work management by improving the planning and tracking of work in ways that optimize staffing levels, productivity, and overtime.
T&D-20	Work Management – Improve and Standardize Compatible Unit Estimating (CUEs)	\$100,000	Requires PSEG LI to enhance the governance and use of a detailed estimating process to improve cost and scheduling accuracy.
T&D-21	Work Management – KPIs and Dashboards	\$100,000	Requires PSEG LI to develop work management metrics and tracking to identify opportunities to improve staffing levels, productivity, and reduce overtime in support of scheduled T&D work.
T&D-22	Work Management – Clarify and Rationalize Work Management Roles	\$50,000	Requires PSEG LI to standardize work management roles/positions and implement consistency across yards.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-23	Employee Overtime	\$300,000	Requires PSEG LI to achieve a 2 percentage point reduction in overtime hours worked from the 3-year average.
T&D-24	Vegetation Management – Cycle Tree Trim With Vegetation Intelligence	\$200,000	Requires PSEG LI to develop and execute vegetation management plans that limit vegetation-caused outages using vegetation intelligence.
T&D-25	Vegetation Management – Trim-To-Sky (TTS) Circuits	\$250,000	Requires PSEG LI to execute enhanced TTS vegetation management techniques that limit vegetation-caused outages.
T&D-26	Vegetation Management – Hazard Tree Removal	\$400,000	Requires PSEG LI to identify and remove 12,000 "hazard" trees subject to falling and damaging the electric system during a storm, an increase from approximately 3,000 today.
T&D-27	Storm Hardening – Overhead Hardening	\$250,000	Requires PSEG LI to develop and execute the milestones of the budgeted Storm Hardening Work Plans, which will strengthen the T&D system and improve its ability to withstand storms.
T&D-28	Storm Hardening – Underground Hardening	\$150,000	Requires PSEG LI to develop a pilot program to identify opportunities for rear-yard branch circuits to be converted from overhead to underground lines.
T&D-29	Storm Hardening – Transmission Load Pockets	\$150,000	Requires PSEG LI to identify projects that will enhance system resiliency by providing alternate sources of power to transmission load pockets.
T&D-30	Storm Hardening – ACRV Commissioning Program	\$250,000	Requires PSEG LI to begin a program to operationalize automatic overhead switches as tripping devices to reduce the amount of customers interrupted during a storm.
T&D-31	Storm Hardening – LT5H (ASUV) Program	\$150,000	Requires PSEG LI to install a minimum of 150 automatic overhead switches that will reduce the amount of customers interrupted during a storm.
T&D-32	Estimated Time of Restoration (ETR)	\$200,000	Requires PSEG LI to improve by 10% the accuracy of restoration time estimates in blue sky conditions, giving customers the best available information regarding when their power will be restored.
T&D-33	Real Estate Strategy	\$100,000	Requires PSEG LI to execute the long-term strategy for LIPA's real estate and facility assets in accordance with the LIPA Board recommendations related to Real Estate Management.
T&D-34	Construction – Quality and Timely Completion of Project Justification Descriptions (PJDs)	\$200,000	Requires PSEG LI to provide timely and complete project justifications for each capital project and program for LIPA review and approval.
T&D-35	Construction – Project Milestones Achieved	\$200,000	Requires PSEG LI to complete a minimum of 85% of capital projects on time in accordance with the project milestone schedule, which is an improvement over the 3-year average performance.
T&D-36	Construction – Cost Estimating Accuracy	\$200,000	Requires PSEG LI to complete a minimum of 85% of capital projects at the estimated cost, which is an improvement over the 3-year average performance.
T&D-37	Completion of Program Planned Units Per Workplan	\$400,000	Requires PSEG LI to <u>complete</u> all units budgeted in the construction program.
T&D-38	Program Unit Cost Variance	\$200,000	Requires PSEG LI to complete all units budgeted in the construction programs <u>within budget</u> .
T&D-39	Project Completion Consistent with Project Design	\$100,000	Requires PSEG LI to manage capital projects completions such that they meet the approved design.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
TRANSMISSION & DISTRIBUTION			
T&D-40	Double Wood Pole Reduction	\$50,000	Requires PSEG LI to maintain the backlog of double wood poles identified in the National Joint Utilities Notification System (NJUNS) at no higher than the 2021 year end result.
	Compensation at Risk Based on Performance	\$8,000,000	
INFORMATION TECHNOLOGY – ORGANIZATIONAL PERFORMANCE			
IT-1	Organizational Maturity Level – Doing	\$250,000	Requires PSEG LI to improve its IT Organizational Maturity to Level 3 in the ‘Doing’ Category of the Capability Maturity Model Integration (CMMI) model within one year. This improves the capabilities of IT staff to implement IT projects.
IT-2	Organizational Maturity Level – Managing	\$500,000	Requires PSEG LI to improve its IT Organizational Maturity to Level 3 in the ‘Managing’ Category of the CMMI within one year. This improves the capabilities of IT staff to manage IT projects.
IT-3	System Resiliency	\$400,000	Requires PSEG LI to complete a well-designed and robust IT System Resiliency Plan that includes thoroughly exercised Disaster Recovery and Business Continuity Plans for all critical systems/processes.
IT-4	System and Software Lifecycle Management	\$300,000	Requires PSEG LI to maintain and upgrade all IT and operational technology assets managed on behalf of LIPA, including computers, communications equipment, networking equipment, hardware, software, and storage systems, to be within their active service life and under general support from the product vendor.
IT-5	System Implementation – 2022 Budget Projects	\$800,000	Requires PSEG Long Island to implement 21 major IT system projects within industry standards for cost and timeliness, including a GIS long-term roadmap, DER Visibility Project, ADMS long-term roadmap, Long Island Choice and other billing system changes, and an enterprise time and attendance system.
IT-6	System Implementation – Board PIPs	\$500,000	Requires PSEG Long Island to implement 9 major IT system projects related to recommendations adopted by the LIPA Board of Trustees within industry standards for cost and timeliness, including the Outage Management System projects, a strategic plan for outage reporting and communications, and developing a data access and analytics platform.
IT-7	System Segregation	\$250,000	Requires PSEG LI to plan for and separate LIPA IT systems from PSEG New Jersey systems.
	Compensation at Risk Based on Performance	\$3,000,000	
POWER SUPPLY PROGRAMS			
PS-1	Long Range Planning Studies – Integrated Resource Plan (IRP)	\$375,000	Requires PSEG LI to complete, per an agreed upon scope and schedule, deliverables associated with the development and issuance of the IRP.
PS-2	Long Range Planning Studies – Energy Storage Request for Proposal (RFP)	\$375,000	Requires PSEG LI to complete, on schedule, deliverables associated with the evaluation of proposals for the 180MW Energy Storage RFP.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
CLEAN ENERGY PROGRAMS			
CE-1	Energy Efficiency Plan Savings	\$200,000	Requires PSEG LI achieve the Energy Efficiency Plan targets in the Utility 2.0 filing.
CE-2	Utility 2.0 – Distributed Energy Resources (DER) Hosting	\$150,000	Requires PSEG LI to complete the hosting capacity study proposed in the Utility 2.0 filing.
CE-3	Beneficial Electrification – Building Electrification	\$200,000	Requires PSEG LI to achieve Beneficial Electrification targets in the Utility 2.0 filing, including: Energy Efficient Products, Home Comfort, REAP (Low-Income), and Home Performance.
CE-4	Electric Vehicle (EV) Make-Ready	\$100,000	Requires PSEG LI to achieve the EV Make-Ready targets in the Utility 2.0 filing to accelerate development of EV charging stations.
CE-5	Distributed Energy Resources (DER) Interconnection Process	\$200,000	Requires PSEG LI to improve the DER interconnection process pursuant to LIPA Board-adopted recommendations.
CE-6	Time of Use (TOU) Pricing Pilots – Heating and Large Commercial	\$200,000	Requires PSEG LI to complete development of TOU Pricing Options for space heating and large commercial customers.
CE-7	TOU Pricing Pilot – Year 1 Marketing	\$200,000	Requires PSEG LI to engage and enroll 12,000 new customers in new TOU optional pricing plans.
	Compensation at Risk Based on Performance	\$2,000,000	
CUSTOMER SERVICE			
CS-1	Delivery of Strategic Customer Projects	\$500,000	Requires PSEG LI to implement seven strategic customer projects to improve the customer contact and billing experience and drive top 25% utility performance, including implementing smart meter features, upgrading credit card vendors, enhancing the mobile app, and enhancing text messages of outage information.
CS-2	J.D. Power Residential Customer Survey	\$200,000	Requires PSEG LI to improve customer satisfaction for residential customers, as measured by the J.D. Power Residential Customer Survey, to 3rd quartile by 2022 year-end.
CS-3	J.D. Power Business Customer Survey	\$200,000	Requires PSEG LI to improve customer satisfaction for business customers, as measured by the J.D. Power Business Customer Survey, to 3rd quartile by 2022 year-end.
CS-4	Customer Information System (CIS) Modernization – Phase 1	\$600,000	Requires PSEG LI to plan for and deploy a new, flexible, modern CIS capable of effective and efficient customer transactions, billing, and customer services.
CS-5	Customer Transactional Performance	\$400,000	Requires PSEG LI to develop new customer transaction surveys to improve the satisfaction and cost of five (5) common customer transactions.
CS-6	Billing – Eliminate Long Term Estimates (LTEs) – Inactive Accounts	\$100,000	Requires PSEG LI to reduce the number of inactive accounts receiving estimated bills for more than 5 months by 90% and maintain accurate billing records.
CS-7	Billing – Eliminate LTEs – Active Accounts	\$100,000	Requires PSEG LI to reduce the number of active customers receiving estimated bills for more than 3 months by 80%.
CS-8	Unauthorized Use / Advanced Consumption Resolution	\$100,000	Requires PSEG LI to reduce by 75% the number of unauthorized use of service cases in a timely manner and in compliance with the rules.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
CUSTOMER SERVICE			
CS-9	Billing Exception Cycle Time	\$200,000	Requires PSEG LI to render 95% of customer bills within 3 days of the scheduled date, representing an improvement over the 3-year average of 88%.
CS-10	Billing – Cancelled Rebill	\$200,000	Requires PSEG LI to provide an accurate bill to the customer the first time, not requiring a subsequent adjustment, by reducing cancelled rebills by approximately 23%.
CS-11	Contact Center Service Level with Live Agent Calls	\$175,000	Requires PSEG LI to answer 80% of calls with a live agent within 30 seconds during blue sky days and within 90 seconds during storms. This is 2% better than the 3-year average performance.
CS-12	Customer Email Closure Rate	\$75,000	Requires PSEG LI to answer 70% of emails within 24 hours, an increase from historical average performance of 42%.
CS-13	First Call Resolution (FCR)	\$100,000	Requires PSEG LI to resolve at least 80% of calls on the first call, despite higher expected call volume in 2022.
CS-14	Net Write-Offs (Per \$100 Billed Revenue)	\$250,000	Requires PSEG LI to maintain the bad debt written off for the year below 0.77%. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-15	Accounts Receivable Aging > 90 Days Past Due (AR>90)	\$300,000	Requires PSEG to reduce the % of total receivables that are past due more than 90 days below 30.25%. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-16	Days Sales Outstanding (DSO)	\$200,000	Requires PSEG LI to reduce the days of revenue billed but not yet collected to 39.9 days. This metric was impacted by the COVID-19 moratorium in 2020 and 2021.
CS-17	Low to Moderate Income (LMI) Program Participation	\$100,000	Requires PSEG LI to increase participation in the low-income rate discount program by 34% over the 3-year average to improve affordability for vulnerable customers.
CS-18	LMI Program Participation – Automation	\$100,000	Requires PSEG LI to improve the ease of enrollment in the low-income rate discount program by automatically enrolling categorically eligible customers.
CS-19	DPS Customer Complaint Rate	\$100,000	Requires PSEG LI to perform within the top quartile of its peer group for initial complaints made to the DPS to measure whether customer concerns are effectively handled.
Compensation at Risk Based on Performance		\$4,000,000	
BUSINESS SERVICES – RISK MANAGEMENT			
ERM-1	Enterprise Risk Management (ERM) Report	\$150,000	Requires PSEG LI to develop a comprehensive ERM report that documents the identification and management of the most high-priority risks across the organization that could impede the achievement of business goals and objectives.
ERM-2	ERM Key Risk Indicators (KRIs)	\$150,000	Requires PSEG LI to develop a proof-of-value pilot on KRIs for select high-priority risks. This pilot will enable more proactive monitoring of risks and provide early indicators when management action is warranted.
BUSINESS SERVICES – HUMAN RESOURCES			
HR-1	Employee Engagement – Participation Rate	\$100,000	Requires PSEG LI to increase the rate of employee participation in the annual Employee Engagement survey to a minimum of 49%, up from 46% today.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
BUSINESS SERVICES – HUMAN RESOURCES			
HR-2	Employee Engagement – Score	\$200,000	Requires PSEG LI to improve the employee rating scores in key areas by 4% year-over-year on the annual Employee Engagement Survey. The Engagement Survey results drive initiatives to attract and retain a motivated workforce.
HR-3	Full Time Vacancy Rate	\$200,000	Requires PSEG LI to maintain an annual vacancy rate of no greater than 5% overall and no greater than 7% in IT. This metric requires delivering an approximate decrease in vacancy of 3% in Business Services, 34% in Customer Service, and 35% in IT from June 2021 levels.
BUSINESS SERVICES – PERFORMANCE MEASUREMENT & ADMINISTRATION			
PMA-1	Contract Administration Manual (CAM) Completion	\$50,000	Requires PSEG LI to complete drafts and expedite reviews of the CAM. Completed CAMs will improve day-to-day coordination and communication between LIPA and PSEG LI on operational processes.
BUSINESS SERVICES – BUDGETS			
BGT-1	Affiliate Cost Benefit Justification	\$250,000	Requires PSEG LI to justify the use and cost of work done on Long Island by NJ-based PSE&G affiliates. This initiative provides a framework to more closely examine the use of affiliates compared to alternative methods of providing the same service. If an alternative method is determined to be more cost effective or to provide higher quality, this metric requires the development of an implementation plan resulting in savings or greater value to Long Island customers.
BGT-2	Capital Project Impact Analysis	\$100,000	Requires PSEG LI to provide an analysis of the full range of costs and benefits for significant capital projects. LIPA invests over \$700 million on capital projects per year. Many of these projects are large, in excess of \$25 million, and can result in ongoing operating costs and benefits. The objective of this metric is ensure that the promised financial and operational benefits are identified upfront and realized.
BUSINESS SERVICES – ACCOUNTING			
ACC-1	Substation Property Tax Report	\$150,000	Requires PSEG LI to develop the first Substation Valuation Report on 120 substations, comparing assessed values to actual values for tax purposes.
ACC-2	Substation Property Tax Module Plan	\$50,000	Requires PSEG LI to research and map an additional 45 substations for future annual Substation Valuation Reports.
BUSINESS SERVICES – RATES & TARIFFS			
RT-1	Long Island Choice Reform	\$150,000	Requires PSEG LI to implement the reforms of the Long Island Choice program that were recommended by DPS and adopted by the LIPA Board.
RT-2	Advanced Metering Infrastructure (AMI) Fees	\$100,000	Requires PSEG LI to implement accurate and timely billing of AMI fees associated with the substantial completion of AMI deployment.
BUSINESS SERVICES – LEGAL SERVICES			
LEG-1	Information Request (IR) Responses	\$150,000	Requires PSEG LI to respond to at least 90% of IRs from LIPA and DPS within 10 days.
LEG-2	Legal Staffing	\$150,000	Requires PSEG LI to implement the results of a LIPA study of the staffing of its legal department, to ensure adequate staffing of attorneys and paralegals to effectively carry out PSEG LI's obligations on behalf of LIPA.
LEG-3	Contractor Performance Evaluation System	\$250,000	Requires PSEG LI to implement a contractor evaluation system to ensure LIPA is benefitting from suppliers who have demonstrated experience in cost controls, performance, quality, risk management, and collaborative efforts to promote innovation and transformation.

ID	METRIC	AT RISK COMPENSATION	METRIC OBJECTIVE & DELIVERABLES
BUSINESS SERVICES – EXTERNAL AFFAIRS & COMMUNICATIONS			
E&C-1	Government & Legislative Affairs	\$100,000	Requires PSEG LI to develop a system to ensure the impact of proposed legislation on customers is effectively monitored.
E&C-2	Capital Project Outreach	\$200,000	Requires PSEG LI to deploy a survey to evaluate capital project outreach and implement process improvements.
E&C-3	Customer Segmentation and Consumer Priorities	\$100,000	Requires PSEG LI to develop targeted marketing and communications to drive measurable increases in program awareness of the household assistance rate, digital payments, and pay station payments and use customer segmentation to improve future marketing.
E&C-4	Reputation Management – Positive Media Sentiment	\$100,000	Requires PSEG LI to achieve at least 28% positive sentiment in media stories as measured by an independent third-party evaluation, up from 14.5% today.
E&C-5	Reputation Management – Share of Voice	\$100,000	Requires PSEG LI to achieve at least 50% "share of voice" in media during storms and emergency events.
E&C-6	Social Media Engagement and Response Rate	\$200,000	Requires PSEG LI to respond to 90% of social media inquiries related to personal health and safety with a live agent within 2 hours on blue sky days and 80% within 3 hours during major storms. Requires 90% of all other inquiries to be responded to with a live agent within 4 hours on blue sky days and 80% within 5 hours during major storms.
	Compensation at Risk Based on Performance	\$3,000,000	
	Total Variable Compensation Across All Scopes	\$20,000,000	

