



This information is provided by the New York State Department of Public Service for customers of PSEG-Long Island.

The Department of Public Service (DPS or Department) provides a wide range of services to protect and assist utility customers. This fact sheet provides information on the Comprehensive and Regular Management and Operations Audit of the Long Island Power Authority (LIPA or Authority) and PSEG Long Island (PSEG LI or Service Provider) being undertaken by the Department, and explains how the public may provide comments.

## **BACKGROUND**

The comprehensive, proactive management and operations audit is mandated by the LIPA Reform Act to ensure ongoing improvement of management and operations of Long Island's electric grid operator. The audit will review and evaluate the overall operations and management of LIPA and PSEG LI in the context of LIPA's duty to protect the interests of Long Island's energy customers and set rates at the lowest level consistent with sound fiscal and operating practices and which provide for safe and adequate service. The audit will include PSEG LI's construction and capital program planning as it relates to the needs of customers for reliable service, the overall efficiency of LIPA's and PSEG LI's operations, the manner in which LIPA is meeting its debt service obligations; and LIPA's Fuel and Purchased Power Cost Adjustment clause. Comments received from the public will further inform the issues to be examined in the upcoming audit as defined by these scope areas.

Specifically, the audit reviews and evaluates the overall operations and management of the Authority and Service Provider, including such operations and management in the context of the Authority's duty to set rates at the lowest level consistent with standards and procedures provided in PAL §1020-f(u), and include, but not be limited to: (i) the Service Provider's construction and capital program planning in relation to the needs of customers for reliable service; (ii) the overall efficiency of the Authority's and Service Provider's operations; (iii) the manner in which the Authority is meeting its debt service obligations; (iv) the Authority's Fuel and Purchased Power Cost Adjustment clause and recovery of costs associated with such clause; (v) the Authority's and Service Provider's annual budgeting procedures and process; (vi) the application, if any, of the performance metrics designated in the Operations Services Agreement and the accuracy of the data relied upon with respect to such application; and (vii) the Authority's compliance with debt covenants. Additional scope areas defined by this audit include (viii) corporate governance and (ix) the implementation of the recommendations from the Department's previous Comprehensive and Regular Management and Operations Audit of LIPA in Matter No. 12-00314.

The audit was initiated on December 15, 2016 and will be conducted by an independent contractor who will work for and under the direction of the Department. The cost of the audit will be paid by LIPA. To learn more about the current and prior audit, visit the Department's Web site, <http://www.dps.ny.gov>, by clicking on "Search," and entering Matter No. 16-01248 in the "Search by Case Number" field for the current audit and Matter No. 12-00314 for the prior audit.

## **PUBLIC INVOLVEMENT**

The New York State Department of Public Service seeks public comments concerning the scope of the Management and Operations Audit of the LIPA and PSEG LI that will be performed within 18 months of initiation in accordance with the LIPA Reform Act. Opportunities to comment include two public statement hearings, and alternatively, the opportunity to present written or telephone comments.

Interested members of the public are invited to attend the public statement hearings where they may provide their comments concerning the scope of the upcoming LIPA and PSEG LI Management and Operations Audit.\*

It is not necessary to make an appointment in advance to present written material or to speak at the hearings. Persons will be called to speak after completing a request card. The public statement hearing will continue until everyone wishing to speak has been heard or other reasonable arrangements have been made. A verbatim transcript of the hearings will be made for inclusion in the record of these proceedings and will be posted on the Department's website.

The public statement hearings are being held at the following locations:

**Tuesday, February 14, 2017**  
**Nassau County - 6:00 p.m.**  
Theodore Roosevelt Executive & Legislative  
Building, First Floor  
1550 Franklin Avenue  
Mineola, NY 11501

**Wednesday, February 15, 2017**  
**Suffolk County - 6:00 p.m.**  
William H. Rogers Legislative Building  
Rose Y. Caracappa Auditorium  
725 Veterans Memorial Highway  
Smithtown, New York 11787

\*Disabled persons requiring special accommodations may place a collect call to the DPS's Human Resources Management Office at (518) 474-2520. TDD users may request a sign language interpreter by placing a call through the New York Relay Service at 711 to reach the Human Resource Office at the previously mentioned number. If you have difficulty understanding English, please call DPS at 1-800-342-3377 for free language assistance services.

Information concerning the audit will be available on the DPS Website – <http://www.dps.ny.gov> – click Search and enter 16-01248 in the field box for 'Search Document Text' and click again. Filed documents will be found there. Please visit often as additional documents may be added.

The Department also seeks comments concerning the LIPA and PSEG LI management and operations audit, from those consumers who do not wish to speak at a public statement hearing. Interested members of the public may comment as noted below. Comments should refer to "Matter No. 16-01248 – LIPA and PSEG LI Management & Operations Audit."

All comments can be submitted at the public statement hearings held on February 14, 2017 and February 15, 2017 or through the methods below:

- Via Mail/E-Mail: Submit comments electronically to Kathleen H. Burgess, Secretary, at [secretary@dps.ny.gov](mailto:secretary@dps.ny.gov) or by mail or delivery to Secretary Burgess at the Department of Public Service, Three Empire State Plaza, Albany, New York 12223-1350. Comments delivered in these manners should reference "Matter No. 16-01248 - LIPA and PSEG LI Management & Operations Audit."
- Via the Department's Website: Comments may be entered directly into the case by locating the case via the home page of the Department's website, [www.dps.ny.gov](http://www.dps.ny.gov), by clicking on "Search," and entering the associated matter number (noted above) in the "Search by Case Number" field. After clicking to open the matter, enter comments in the "Post Comments" section located at the top of the page.
- Via Toll-Free Opinion Line: Individuals may choose to submit comments by calling the Commission's toll-free Opinion Line at 1-800-335-2120. This line is set up to receive in-state calls 24-hours a day. Callers should press "1" to leave comments about "Matter No. 16-01248 - LIPA and PSEG LI Management & Operations Audit." Comments received via the Opinion Line are not transcribed, but a summary will be reported to the Department.

Comments submitted via these alternate means are requested by **February 28, 2017**. All statements and comments received by the Department will be placed in the matter file and posted to the Department's Document Matter and Management System to be viewed electronically on the Department's Website <http://www.dps.ny.gov>.