

LONG ISLAND

PSEG says weather could cause it to miss measures of system reliability

PSEG Long Island said worse-than-expected late-summer weather had increased the average frequency and duration of outages.

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Three months of wet, windy weather and the prospect of more could lead PSEG Long Island again to miss critical measures of system reliability, the company warned at a LIPA trustee meeting Wednesday, adding it was taking steps to reverse the trend.

PSEG, in a report provided to LIPA trustees but not publicly released, said worse-than-expected late-summer weather had increased the average frequency and duration of outages, along with two new measures relating to momentary and multiple outages. The increased levels put the measures on a "watch list" that PSEG provides to LIPA.

PSEG Long Island President Daniel Eichhorn said the company already had taken steps to reduce the outages, including spending an additional \$7 million for more tree-trimming and system inspections. Some 75 additional workers were brought in to do the work.

PSEG, which manages the system under contract to LIPA, has missed at least one of the outage metrics for the past two years. PSEG can receive more than \$8 million in incentive pay for hitting the performance targets.

"I hope by the end of the year we're able to turn it around," Eichhorn said.

The report that contained the watch list wasn't presented to LIPA trustees during the meeting, an unusual move. LIPA instead had scheduled two lengthy work sessions for the Wednesday meeting, including one on the future of the combustion engine, and excluded the PSEG report to save time, officials said.

The warning was brought up by trustee Matthew Cordaro, who said he was "very, very concerned" about it because he considered the outage figures among the "most important" for which PSEG receives bonus pay. Cordaro also said he believes some of the performance goals are "less than aggressive."

Eichhorn, in an interview, said the company disclosed the increases to be "visible" with LIPA, and he noted that even with the additional weather outages, the company is in better shape than it was last year.

"If the year ended today, we'd hit them all," he said of the reliability metrics, but added, "We're not taking the weather for granted."

Eichhorn noted that PSEG's performance goals increase every year, so the company has a higher bar to reach than last year.

Still, a state audit of PSEG and LIPA released earlier this year found the utility was operating under generally easier performance targets than previous system manager National Grid had faced.

"System reliability performance goals have been relaxed since 2013," the report states, providing a chart that shows PSEG's annual targets and performance against that of National Grid. In almost all cases, PSEG's targets to receive compensation, and its performance, have lagged those of National Grid.

In related news, eight Long Island lawmakers and the chairwoman of an Assembly energy committee last week wrote the chairman of the state Public Service Commission raising questions about changes in the audit report in the six months between a January draft and its release in June. Citing *Newsday's* story about the report, the legislators said, "Changes were made throughout the audit so that the final version altered or omitted notable findings and recommendations," including concerning transparency, customer outages and oversight of PSEG.

"We find that the nature and substance of the edits are contradictory to the intent and purpose of the independent audit requirement," according to the letter, which is signed by Assembs. Amy Paulin, Steve Englebright, Charles Lavine and Philips Ramos, among others. It requests a copy of the January draft. Thiele has called for Assembly hearings on the matter.

Department of Public Service spokesman James Denn said the agency was preparing a response to the letter.

"As part of its response, DPS will say that a thorough and rigorous audit of utilities is a standard process that results in a transparent and comprehensive report that ensures ratepayers have a reliable and resilient electric service at affordable rates," he said.