



Transmittal #: **LUMA-PREB-T-00005**

**TRANSMITTAL**

**Title:** Submission of monthly status report for the period ending June 2020 for Front-End Transition Services

<b>Date:</b> 2020-07-11				
<b>LUMA Department:</b> IMO				
<table border="0"> <tr> <td><b>Sending Organization:</b> LUMA</td> <td><b>Receiving Organization:</b> PREB</td> </tr> <tr> <td><b>Sent from:</b> Paul Goguen</td> <td><b>Addressed to:</b> Edison Avilés Deliz</td> </tr> </table>	<b>Sending Organization:</b> LUMA	<b>Receiving Organization:</b> PREB	<b>Sent from:</b> Paul Goguen	<b>Addressed to:</b> Edison Avilés Deliz
<b>Sending Organization:</b> LUMA	<b>Receiving Organization:</b> PREB			
<b>Sent from:</b> Paul Goguen	<b>Addressed to:</b> Edison Avilés Deliz			
<b>LUMA CC:</b> <b>PREB CC:</b> LUMA-P3A-T-00005				

**TRANSMITTER COMMENTS:**

Please see attached the LUMA monthly status report submission for the period ending June 2020 for Front-End Transition Services as per section 4.2 (b) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement between.

**Related RFI(s) or Transmittal(s):**

**Total Number of Documents:**

Document No.	Title	Rev.	File Type
1	Submission of monthly status report for the period ending June 2020 for Front-End Transition Services		PDF
2			
3			
4			
5			



# LUMA

## Monthly Report

Report #: RPT-P3A-001

For the period ending June 2020

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# General Overview

In accordance with Section 4.2(b) of the Operations and Maintenance Agreement (OMA), LUMA hereby provides the P3A its inaugural monthly report on its performance of the Front-End Transition for the month ending June 30, 2020. A copy of the Handover Checklist has been provided in Appendix A of the report.

## PERFORMANCE OF FRONT-END TRANSITION (FET) PERIOD

### A. FET PERIOD PROGRESS REPORT

#### I. Key Achievements in reporting period

##### Safety, People, Communications & Stakeholders

- Submitted its Covid-19 Exposure Control Plan and Self Certification form to Puerto Rico OSHA.
- Worked with PREPA to establish a COVID-19 practice to enable safe entry of LUMA personnel to PREPA's facilities.
- Began work with PREPA to establish office space for LUMA in accordance to s.4.1(b) with anticipated occupancy based on space availability in PREPA offices by mid-July.
- Issued introductory communication to PREPA employees.
- Engaged with multiple stakeholders including business leaders, government officials and media.

##### Operational

- Held a PREPA-LUMA leadership team Inaugural meeting on June 25, 2020. The meeting consisted of LUMA presenting introductory information related to LUMA, the OMA, and the FET period. LUMA also presented its planned approach to engaging with PREPA.
- Identified PREPA leadership counterparties for all of LUMA's Department Heads enabling initial discussions to establish work approach and began work.
- Proposed daily Working Sessions planned for the period of July 6 through July 22. The Working Sessions are intended to provide all LUMA Leaders maximum exposure to PREPA's operations (e.g. Financial, IT, Regulatory, Human Resources, T&D Operations, etc.).
- Requested representation from PREPA, the P3 Authority and COR3 for planning teams as mandated in s.4.1, s.4.2 & s.4.3 of the OMA.
- Prepared LUMA's list of Major Subcontractors for P3 Authority review and approval in accordance with s.4.9(a) of the OMA.
- Met with key PREPA personnel to begin discussions on the current state of PREPA's Emergency Preparedness and Response Plan.
- Began looking at potential properties for the Training College

## II. Key Focus Areas in upcoming month

### Safety, People, Communications & Stakeholders

- Complete an acceptable COVID-19 practice to enable safe entry of LUMA personnel to PREPA's facilities.
- Establish and confirm substation entry protocol to enable entry for LUMA field visits.
- Begin mobilization of LUMA personnel into PREPA's office based on space availability; and begin seeking alternate office space as an interim measure until sufficient space is available on PREPA's premises.
- Continue Stakeholder, Community and Employee communication and outreach.

### Operational

- Conduct the planned daily Working Sessions - July 6 through to July 22
- Submit Requests for Information (RFIs) to support the development of LUMA's gap Assessment – a key input into the System Remediation Plan.
- Continue with detailed discussions with all Directorates and begin field-based site visits (e.g. substations, vegetation management, training center, etc.) to progress FET deliverables.
- Conduct initial meetings and progress all planning teams mandated in s.4.1, s.4.2 & s.4.3 of the OMA.
- Advance discussions and develop recommendations for PREPA's Emergency Preparedness and Response Plan.
- Locate a suitable property for the Training College

## III. Handover Checklist

In accordance with s.4.2(b), LUMA has provided the Handover Checklist as part of Appendix A. Given the reporting period is for June 22 to June 30, there were no specific updates at this time.

Please note that the Handover Checklist in Appendix A is presented to capture key deliverables by LUMA's Departments based on our organizational structure for the FET period. We believe this will facilitate tracking throughout the FET period.

LUMA has cross referenced and confirmed that all items in the Handover Checklist provided in Annex II of the OMA have been included in the Handover Checklist provided in Appendix A.

## B. COMMERCIAL REPORT

### I. Completed OMA Obligations

Section	Description	Responsible Party	Status
2.2 (b) (i)	Conditions to Execution - Receipt by the Parties of an Energy Compliance Certificate issued by PREB.	PREB	Complete
2.2 (b) (ii)	Receipt by the Parties of a resolution adopted by the board of directors of Administrator, in form and substance reasonably acceptable to Administrator and ManagementCo, authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby.	P3A (Administrator)	Complete
2.2 (b) (iii)	Receipt by the Parties of a resolution adopted by the board of directors of Owner, in form and substance reasonably acceptable to Administrator and ManagementCo, authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby.	PREPA (Owner)	Complete
2.2 (b) (iv)	Receipt by the Parties of authorization from the FOMB, in form and substance reasonably acceptable to Administrator and ManagementCo, of the execution, delivery and performance of this Agreement and the transactions contemplated hereby.	FOMB	Complete
2.2 (b) (v)	Receipt by the Parties of approval from the Governor of the Commonwealth or his/her delegate, in form and substance reasonably acceptable to Administrator and ManagementCo, for the execution, delivery and performance of this Agreement and the transactions contemplated hereby.	Governor	Complete
2.2(b) (vi)/8.1	Receipt by Owner of the Guarantee	LUMA (Operator)	Submitted / Complete
2.2 (b) (vii)	Receipt by Owner of a copy of a certificate as to certain matters of Commonwealth law in the form set forth as Exhibit B (Form of Commonwealth Certifications), duly executed by Operator.	LUMA (Operator)	Submitted / Complete
2.2 (b) (viii)	Receipt by Owner of a Tax Opinion and receipt by ManagementCo of a Reliance Letter.	FOMB	Complete
2.2 (b) (ix)	Evidence reasonably satisfactory to Operator that an amount equal to at least four and a half (4.5) months of the estimated Front-End Transition Service Fee has been deposited by Owner in the Front-End Transition Account.	P3A (Administrator)	Complete

Section	Description	Responsible Party	Status
2.2 (b) (x)	Receipt by ManagementCo of (A) a list of the project worksheets related to the T&D System prepared by FEMA pursuant to Section 428 of the Stafford Act as of such date or (B) a summary of the costs estimates or preliminary costs estimates for Federally Funded Capital Improvements established as of such date.	P3A (Administrator) / PREPA (Owner)	Complete
4.1(c)(i)	Owner to file a motion with the Title III Court seeking administrative expense treatment for any accrued and unpaid amounts required to be paid by Owner under this Agreement during the Front-End Transition Period, including the Front-End Transition Service Fee.	PREPA (Owner)	Complete
4.4 (b)	Tax Assurance: From and after the Effective Date, the Parties agree that (i) Operator shall seek a Tax Assurance and (ii) at Operator's expense, Owner and Administrator shall cooperate with Operator and use their commercially reasonable efforts to support and assist Operator in securing such Tax Assurance.	LUMA (Operator)	Complete
4.6 (c) (i)	Operator shall deliver to Administrator an estimate of the anticipated Front-End Transition Service Fee for the following four and a half (4.5) months, subject to Section 7.8 (Owner Credit Rating).	LUMA (Operator)	Submitted / Complete
4.6 (c) (i)	Administrator shall provide Operator evidence reasonably satisfactory to Operator that an amount equal to the sum of the anticipated Front-End Transition Service Fee for the following four and a half (4.5) months, subject to Section 7.8 (Owner Credit Rating), has been funded in the Front-End Transition Account by Owner.	P3A (Administrator)	Complete
9.7	Operator has (i) certified that it has complied and is in compliance with the provisions of the Public-Private Partnerships Authority's Ethical Guidelines and (ii) delivered the Sworn Statement upon execution hereof.	LUMA (Operator)	Submitted / Complete

## II. Overdue OMA Obligations

Section	Description	Responsible Party	Status
	There are no overdue items		

## III. OMA Obligations in Progress

Section	Description	Responsible Party	Status
4.5 (t)	This Ruling Request asks that the Department issue either a closing agreement or a private letter ruling incorporating all matters set forth in administrative determination No. 20-06 issued by the Secretary of the Puerto Rico Treasury Department (the "Administrative Determination") that are applicable to LUMA and its owners and	LUMA (Operator)	LUMA filed its Ruling Request under Act 29 with the Puerto Rico Department of

Section	Description	Responsible Party	Status
	providing that (i) the Front-End Transition Service Fixed Fee, the Service Fee and the Back-End Transition Service Fee are treated in the same manner as management fees are treated under Section III(A) of the Administrative Determination and (ii) the Operator Termination Fee is treated in the same manner as termination payments are treated under Section III(A) of the Administrative Determination, all as more specifically set forth in Section 4.5(t) of the OMA.		Treasury on June 30, 2020.
4.9 (a)	ManagementCo shall have the right to engage Subcontractors to perform certain Front-End Transition Services (the “Front End Subcontractors”); provided that Subcontracts related to the provision of any Front-End Transition Services that are eligible for reimbursement with Federal Funding, if any, shall comply with the Federal Funding Requirements, including any competitive bidding processes required for the award of any such Subcontracts. Operator shall provide Administrator (with copy to PREB) with a list of Front-End Subcontractors that Operator has engaged or intends to engage for the performance of any of the Front-End Transition Services in excess of US\$250,000 (each, a “Material Front-End Subcontractor”). Administrator shall have the right to approve any Material Front-End Subcontractor engaged by ManagementCo, which approval shall not be unreasonably withheld, delayed or conditioned. If Administrator does not respond to Operator within ten (10) Business Days after being notified of Operator’s engagement or intention to engage a Front-End Subcontractor, Administrator shall be deemed to have no objection to the engagement of such Front-End Subcontractor.	LUMA (Operator)	LUMA provided its initial list of Material Front-End Subcontractors to the P3A, with a copy to the PREB, on July 3, 2020.

#### IV. Upcoming OMA Obligations

Section	Description	Responsible Party	Status
4.1(d)(i) and (ii)	The Parties shall establish a planning team composed of representatives of each of the Parties, and ManagementCo, with input from such team, shall (A) review the current state of the T&D System, including the control, monitoring and information equipment, systems, practices, services (including related hardware, Information Systems and Software) and general operating and administrative practices used in connection therewith, (B) develop a plan (taking into account the Capital Budgets and any Federally Funded Capital Improvements) to remediate, repair, replace and stabilize such equipment, systems, practices and services, as may be needed, to enable Operator to perform the O&M Services in compliance with the Contract Standards as soon as	LUMA, P3A, PREPA	LUMA has initiated the formation of the planning committee



Section	Description	Responsible Party	Status
	reasonably possible and at a reasonable cost to Owner (such plan, the “System Remediation Plan”) and		
4.3(j)	The Parties shall establish a planning team composed of representatives of each of the Parties and COR3 to: (A) review the current status of the Federal Funding, including project worksheets related to the T&D System prepared by FEMA in connection with or pursuant to Section 428 of the Stafford Act and estimated timing and schedules of Federal Funding to implement the System Remediation Plan and develop a plan (taking into account the System Remediation Plan) to utilize Federal Funding in the most efficient and effective way to enable Operator to perform the O&M Services in compliance with this Agreement, and (B) review the current status of the Integrated Resource Plan and its impact on the T&D System and the O&M Services. ManagementCo, acting reasonably, may request, to the extent permitted under Applicable Law, changes or modifications to the Federal Funding (including modifications to, or reallocations between, the project worksheets related to the T&D System prepared by FEMA pursuant to Section 428 of the Stafford Act) or the Integrated Resource Plan.	LUMA, P3A, PREPA, COR3	LUMA has initiated the formation of the planning committee

## C. RISK AND ISSUE MANAGEMENT REPORT

### I. Potential Risks with Potential to Materially Impact Project Success

Description of Risk	Current Status and Change Since Previous Month
COVID-19 Pandemic	The COVID-19 pandemic is creating challenges for LUMA from immigration, mobilization, office space and engagement perspectives.

### II. Active Issues with Potential to Materially Impact Project Success

Description of Issue	Current Status and Change Since Previous Month
None to report	

## D. FINANCIAL PROGRESS REPORT

In accordance with s.4.6(d), LUMA has submitted the invoice for the Front-End Transition Service Fee for the month of June 2020. A summary of the invoice amounts is included below.

### I. Monthly invoice summary

FET COSTS	
Department	Amount
Executives	\$59,300.00
Capital Programs	\$39,687.50
Communications	\$23,612.50
Customer Service	\$11,060.00
Financial Mgmt.	\$106,200.00
HSE & Quality	\$72,312.50
Human Resources	\$48,812.50
Integration Mgmt Office	\$75,532.50
IT / OT	\$90,130.00
Legal	\$33,545.00
Operations	\$107,900.00
Regulatory	\$43,100.00
Utility Transformation	\$117,577.50
<b>TOTAL</b>	<b>\$828,770.00</b>

	Front End Transition Hourly Costs	Additional Costs & Expenses	Sub-Total	Front End Transition Fixed Fee	Total
Previously invoiced					
Current invoice	\$828,770.00	\$-	\$828,770.00	\$1,500,000.00	\$2,328,770.00
Total invoiced to date	\$828,770.00	\$-	\$828,770.00	\$1,500,000.00	\$2,328,770.00
Forecast to complete			\$75,523,160.96	\$58,500,000.00	\$134,023,160.96
Proposal			\$76,351,930.96	\$60,000,000.00	\$136,351,930.96
Variance			\$-	\$-	\$-

## E. SUBMISSIONS

### I. Transmittals

Name	Description	Sending Organization	Receiving Organization	LUMA Department	Date Submitted	Requested Response Date	Actual Response Date

There were no Transmittals for the period ending June 30, 2020

### II. Requests for Information (RFIs)

Name	Description	Sending Organization	Receiving Organization	LUMA Department	Date Submitted

There were no RFIs for the period ending June 30, 2020

## APPENDIX A – HANDOVER CHECKLIST

Department	Handover Checklist Reference	Deliverable Description	Status
Capital Programs & Back End Transition	11-1	Develop Back-End Transition Plan	
	12-4	Back-End Transition Plan	
Communications	8-12	Develop a Community Investment Plan	
Customer Service	4-1	Evaluating customer service facilities and assets	
	4-2	Evaluating and updating customer service policies and procedures	
	4-4	Development of a customer service transition plan	
	4-5	Development and implementation of a service start and shut-off plan	
	4-7	Development and implementation of customer service technology	
	4-9	Establish Integration Between Customer Services & T&D Ops	
External	12-7	Section 4.3: Owner and Administrator Responsibilities	
	12-8	Owner Representations and Warranties	
Financial Management	2-3-9	Identification of real estate	
	6-1	Detailed description of approach to budgeting and reporting over the transition period and samples of proposed budget and milestone reporting.	
	6-2	Description of approach to complying with initial budget delivery obligations under the O&M Agreement.	
	6-3	Approach to formalizing changes to control processes.	
	6-4	Establishing a financial accounting system and account structure.	
	6-5	Preparing Initial Budgets and other financial forecasts.	
	6-6	Establishing bank accounts.	
	6-7	Evaluating and updating the payroll and labor cost reporting systems.	
	6-8	Establishing a delegation of authority matrix and process.	
	6-9	Processes & Procedures and Overall Internal Controls	
	9-3	Non-Federal Funding Procurement Manual 4.1 g	
	10-1	Evaluate existing procurement and subcontracting policies, procedures and systems and revise as required.	
	10-2	Plans and Procedures for assuming responsibility for securing use of assets, facilities, IT / OT, etc.	
	10-3	Process and Procedure for assuming existing subcontracts.	
	12-1	Confirmation of Acceptable Operator Security	
12-2	Required Insurance (Delivery of insurance certificates)		
Integration Management Office	1-2	Plan to Address Gaps in Assets, Technology, Processes, etc. (plan to include cost estimates).	
	12-12	Service Commencement Begins	

Department	Handover Checklist Reference	Deliverable Description	Status
HSE & Quality	2-3-7	Safety management plan	
	2-5	Conducting environmental exposure assessment and establishing an environmental exposure management plan.	
Human Resources	2-3-6	Workforce management and training plan	
	8-1	Draft, Revise and Finalize Operator Employment Requirements	
	8-2	Recruiting and Staffing	
	8-3	Redesign and Staff New Organization	
	8-4	Proposed Recruitment and Staffing Plan	
	8-5	Stand Up Human Capital Management (HCM) System	
	8-6	Communication Plan	
	8-7	Training (Workforce Development) Plan	
	8-8	Develop Employee Retirement Plan	
	8-9	Occupational Health and Wellness Plan	
	8-11	Engagement Plan	
IT / OT	5-1	Development of an IT / OT communication plan and acceptance criteria	
	5-2	Identification and analysis of gaps	
	5-3	Evaluating IT / OT applications and infrastructure	
	5-4	Development of a cyber security and business continuity plan	
	5-5	Development of an IT asset management program	
	5-6	Development of an IT / OT transition plan and schedule	
	5-7	Commencement Cutover Planning	
	5-8	Training and Communication Plan	
Legal	9-5	Data Security Plan (especially meter read data)	
	12-5	Representations	
	12-6	Operator Representations and Warranties	
	12-1	Section 4.5: Conditions Precedent to Service Commencement Date	
Operations	12-11	Section 4.7: Closing the Front-End Transition Period	
	2-3-2	Transition plan for operations and maintenance (O&M) activities	
	2-3-3	Emergency response / disaster recovery / business continuity plans	
	2-3-4	Fleet management plan	
	2-3-10	Materials management and warehouse plan	
	2-3-11	System operations plan	
	2-3-12	Vegetation management plan	
	2-4	Updating operations manual and business continuity / disaster recovery plan (Covered in iii. Above)	
Regulatory	9-6	Vegetation Management Plan.	
	1-1	Government Approvals	
	1-3	PREB Rate Order Filing	
	2-6	PREB Rate Order Filing	
	7-1	Set Up Governance Framework	

Department	Handover Checklist Reference	Deliverable Description	Status
	7-2	Policies and Procedures	
	7-3	Staffing Plan	
	7-4	Surge Staffing	
	7-5	Project Worksheet Assessment (also covered under S.4.3)	
	7-6	Handoff of Project Worksheet Activity from COR3 and Vendors	
	7-7	Project Procurement Planning	
	7-8	Drafting, Revising and Finalizing Federal Funding Procurement Manual	
	9-1	Establishment of GenCo Shared Services function / Shared Services Agreement.	
	9-2	Emergency Response Plan.	
	9-7	System Operation Principles.	
	12-9	Section 4.4 Governmental Approvals	
Utility Transformation	2-1	Development and implementation of an operation take-over plan for transmission and sub transmission assets outside and inside of legacy PREPA power plants and substations.	
	2-2	Development and implementation of an operation take-over plan for the electric distribution system	
	2-3-1	Transition plan for respective control center(s)	
	2-3-5	Asset management plan	
	2-3-8	Engineering and asset management plan	
	3-1	Remediation Plan Proposal	
	3-2	Development of Improvement Initiatives	
	3-3	Consolidate Plans from All Areas	
	3-4	Development of System Remediation Plan	
	3-5	Approval of System Remediation Plan	
	4-3	Development of a meter reading plan	
	4-6	Development of a meter asset management plan	
	4-8	Develop a Non-Technical Energy Loss Reduction Plan	
	9-4	Assistance with review of physical security of real estate	
	12-3	Baseline Performance Levels	