

**GOBIERNO DE PUERTO RICO
JUNTA REGLAMENTADORA DEL SERVICIO PÚBLICO
NEGOCIADO DE ENERGÍA DE PUERTO RICO**

NEPR

Received:

Dec 17, 2020

11:38 PM

IN RE: TARIFA PERMANENTE DE LA
AUTORIDAD DE ENERGÍA ELÉCTRICA
DE PUERTO RICO

CASO NÚM.:
NEPR-MI-2020-0001

ASUNTO:
Reconciliación de septiembre a noviembre de
2020; Factores para las cláusulas FCA y
PPCA para enero a marzo de 2021; Solicitud
de determinación de confidencialidad.

**MOCIÓN EN CUMPLIMIENTO DE ORDEN DICTADA
EL 17 DE DICIEMBRE DE 2020**

AL NEGOCIADO DE ENERGÍA:

COMPARECE la Autoridad de Energía Eléctrica de Puerto Rico, a través de su representación legal y respetuosamente expone y solicita:

1. El pasado 14 de diciembre de 2020, la Autoridad¹ presentó al Negociado la Solicitud en la cual, en resumen, presentó a las reconciliaciones de las cláusulas FCA y PPCA para el periodo de septiembre a noviembre de 2020 y los factores resultantes de dichas reconciliaciones y proyecciones para el periodo de enero a marzo de 2021.

2. En la Solicitud la Autoridad informó al Negociado que parte del gasto de combustible reportado sería reembolsado por FEMA y, por esta razón, no debía ser cobrado a los clientes. La Autoridad informó que parte del reclamo que se había realizado a FEMA por el mismo concepto para los meses de enero a julio de 2020 ya han sido obligados y que el dinero para reembolsar a la Autoridad los costos de gasto por combustible ya está en las cuentas de COR3,

¹ Los términos que no estén aquí definidos se les asignará el significado previamente provisto en la *Solicitud de Aprobación de Reconciliación del Periodo de Septiembre a Noviembre de 2020*, (ii) *Factores para las Cláusulas FCA, PPCA y FOS el Periodo de Enero a Marzo de 2021* y (iii) *Determinación de Confidencialidad* radicada por la Autoridad el pasado 14 de diciembre de 2020 (la "Solicitud").

recipiente de la Autoridad. La Autoridad también informo que COR3 le reportó que los fondos serian transferidos a las cuentas de la Autoridad temprano la semana próxima.

3. En el día de hoy el Negociado dictó una Resolución y Orden solicitando información adicional sobre lo aquí narrado (la “Orden”). En específico, el Negociado ordenó que se informara y produjera:

a. aclaración sobre el computo de la cantidad obligada por FEMA de \$384,150,412 y la cuantía de \$302,374,965.28 correspondiente al gasto por costo de combustible incurrido hasta julio de 2020. La Autoridad deberá incluir las hojas de trabajo en formato nativo con las fórmulas intactas. La Autoridad deberá proveer evidencia de la cantidad de fondos obligados por FEMA.

b. Cualquier información y cálculos que sustenten la determinación de que la Autoridad recibirá \$139,743,185.303 por el gasto de combustible hasta julio de 2020. La Autoridad deberá incluir las hojas de trabajo en formato nativo con las fórmulas intactas.

c. Copia de la Determinación de FEMA, según se indica en el Exhibit D de la Solicitud.

4. En cumplimiento con la Orden, la Autoridad provee la siguiente información y documentos base.

5. La Autoridad presentó a principios del 2020 el proyecto de Unidades Pico (PW-4473-007) a FEMA por un total de \$384 millones. Dicho proyecto incluye el costo actual incurrido entre los meses de enero y marzo por los conceptos de combustible (80%) y Operación y Mantenimiento (20%) para un total de \$173 millones y en adición un estimado de \$211 millones para culminar el periodo de emergencia autorizado por FEMA terminado en julio del 2020. La reclamación culminó con un total estimado por combustible de \$302,374,964.82. Dicho estimado incorpora una proyección del promedio diario incurrido. La siguiente tabla refleja esta información:

Reclamación DR-4473-007 - Resumen

Periodo Enero - Julio 2020

| Concepto de Costo: | Incurrido | | | Estimado | | |
|--------------------|----------------------|----------------------|----------------------|-----------------------|--------------------------|--------------------------|
| | Enero | Febrero | Marzo | Total Incurrido | Abril - Julio | Total del Proyecto |
| Combustible | 48,962,549.53 | 52,539,158.30 | 34,487,033.09 | 135,988,740.92 | \$ 166,383,336.39 | \$ 302,372,077.31 |
| O & M | 10,519,561.68 | 13,093,835.48 | 13,165,570.22 | 36,778,967.38 | 44,999,367.30 | 81,778,334.69 |
| | <u>59,482,111.21</u> | <u>65,632,993.78</u> | <u>47,652,603.31</u> | <u>172,767,708.30</u> | <u>\$ 211,382,703.69</u> | <u>\$ 384,150,412.00</u> |

Combustible = Los gastos incurridos se basan en reportes financieros de la autoridad (J28) que identifican el consumo de combustible por mes por unidad.

O & M = Los gastos de Operación y Mantenimiento se obtienen utilizando el promedio establecido en el IRP a base de la generación producida por cada unidad.

6. La reclamación inicial fue aprobada por FEMA sujeto a las deducciones requeridas por conceptos de seguro (\$66.8M) y la aportación local (\$79.3M). A continuación, el extracto del sistema de *Grants Portal* (Archivo Electrónico de FEMA) que detalla esta información.²

| Damage # | Line Item # | Code | Quantity | Unit | Total Cost | Section |
|----------|-------------|------------------|----------|----------|------------------|-------------|
| 380820 | 2 | 9008 (Equipment) | 1 | Lump Sum | \$384,150,412.00 | Uncompleted |

Showing 1 to 1 of 1 entries

Previous 1 Next

CRC GROSS COST **\$384,150,412.00**

TOTAL INSURANCE REDUCTIONS **\$-66,786,371.00**

CRC NET COST **\$317,364,041.00**

FEDERAL SHARE (75.00%) **\$238,023,030.75**

NON-FEDERAL SHARE (25.00%) **\$79,341,010.25**

7. El proceso de reembolso se inicia a través del portal de COR3 solicitando los costos reales incurridos en el periodo autorizado por FEMA. El total de costos incurridos para el periodo de enero – julio 2020 aumentó a \$358,401,352.00.

8. Dicha solicitud fue aprobada en su totalidad, sin embargo, COR3 limitó la solicitud de reembolso al total de costos obligados por FEMA (\$317M) y restando las deducciones por concepto de seguro y aportación local. A continuación, la reconciliación de solicitud de reembolso.³

² El archivo completo está adjunto como Exhibit A.

³ También anejado como Exhibit B.

Detalles del Proyecto Autorizado por FEMA

| | | |
|--|-----------------------|---|
| Total del Proyecto | 384,150,412.00 | (Actual + Estimado de Abril - Julio 2020) |
| Deducción por concepto de Seguro | 66,786,371.00 | B |
| Porción del Proyecto sujeto a Reembolso de FEMA | 317,364,041.00 | A |

Reconciliación de Reembolso

| | | |
|---|-----------------------|---|
| Total de costos de proyecto solicitado | \$ 358,401,352.67 | (Actual de Enero a Julio 2020) |
| Total aprobado por FEMA | 317,364,041.00 | A (Nota: Dicha cantidad ya incluye la deducción por concepto de seguro) |
| Deducción por concepto de Seguro | 66,786,371.00 | E |
| Total de reembolso aprobado por COR3 | 250,577,670.00 | A - B = C |

Porción Federal a Recibirse (75%) **187,933,252.50** **C * 75%** *A recibirse en banco*

Proporción Combustible y O&M

| | | |
|------|-----------------------|----------------------|
| 0.74 | 139,743,185.30 | D Combustible |
| 0.26 | 48,190,067.20 | O&M |
| | 187,933,252.50 | |

- D** - Cantidad de combustible se determina por la proporción de combustible y O&M en la solicitud original
- E** - Segunda deducción por concepto de seguro según política de COR3.

9. La solicitud de reembolso se encuentra en el proceso de transferencia electrónica y la misma se espera esté completada para inicios de la semana próxima. A continuación, un extracto de DRS (Archivo Electrónico de COR3) que incluye el detalle de las transacciones en COR3.

COR3

RFR0010888 at Batch in Progress Suzette Diaz 12/17/2020 7:08 pm

Request Details
Completeness Review
Compliance Review
Payment History
Documents
Notes
Communications
Status and History

Reference Number: RFR0010888

Subject: Puerto Rico Electric Power Authority - 4473 - 00007

At Stage: Batch in Progress

Arrived at Stage: 12/15/2020 08:54:31

Last Updated: 12/15/2020 08:54:31

Days in Current Stage: 2 Days in Process: 35

On the To Do list of:

On the Watch list of:

The following actions have been taken to date (most recent first):

Page: 1 of 2 Total: 94 Items

| Time | Action | User | From Stage | To Stage | Message | Map Version |
|--------------------|-----------------------------|--------------------------|------------------------------|------------------------------|-----------------------------|-------------|
| 12/15/2020 8:54 AM | Ready in Batch | | Ready To Pay | Batch in Progress | Ready in Batch | 103 |
| 12/14/2020 3:49 PM | Add Documents | Pedro Gonzalez | Ready To Pay | Ready To Pay | Add Documents | 103 |
| 12/14/2020 3:49 PM | Add Documents | Pedro Gonzalez | Ready To Pay | Ready To Pay | Add Documents | 103 |
| 12/14/2020 3:25 PM | QA/QC Complete | Javier Javier L Cuadrado | Compliance QA/QC | Ready To Pay | QA/QC Complete | 103 |
| 12/14/2020 3:24 PM | Edit Compliance Review | Javier Javier L Cuadrado | Compliance QA/QC | Compliance QA/QC | Edit Compliance Review | 103 |
| 12/14/2020 3:20 PM | Compliance Review Complete | Pedro Gonzalez | Compliance Review | Compliance QA/QC | Compliance Review Complete | 103 |
| 12/14/2020 3:17 PM | Grant Analyst Assigned | Celanny Matos | Pending Compliance Review | Compliance Review | Grant Analyst Assigned | 103 |
| 12/14/2020 3:15 PM | Ready for Compliance Review | Javier Javier L Cuadrado | Completeness Review Approval | Pending Compliance Review | Ready for Compliance Review | 103 |
| 12/14/2020 3:15 PM | Email Notification | | Completeness Review Approval | Completeness Review Approval | Email Notification | 103 |
| 12/14/2020 3:14 PM | Reassign Reviewer | Celanny Matos | Completeness Review Approval | Completeness Review Approval | Reassign Reviewer | 103 |
| 12/14/2020 3:13 PM | Move Folders | | Completeness Review Approval | Completeness Review Approval | | 103 |
| 12/14/2020 3:13 PM | Move Folders | | Pending Compliance Review | Move Folders | Email Notification | 103 |

10. Se adjunta la carta de la determinación de FEMA en la cual extiende el periodo del proyecto y que fuera referenciada en el Exhibit D de la Solicitud. Exhibit C.

POR TODO LO CUAL, se solicita respetuosamente al Negociado de Energía que anote el cumplimiento de la Autoridad con la Orden.

RESPETUOSAMENTE SOMETIDO.

En San Juan, Puerto Rico a 17 de diciembre de 2020.

/s Katuska Bolaños Lugo
Katuska Bolaños Lugo
kbolanos@diazvaz.law
TSPR 18,888

DÍAZ & VÁZQUEZ LAW FIRM, P.S.C.
290 Jesús T. Piñero Ave.
Oriental Tower, Suite 1105
San Juan, PR 00918
Tel. (787) 395-7133
Fax. (787) 497-9664

Exhibit A

Department of Homeland Security Federal Emergency Management Agency

General Info

| | | | |
|-------------------------|-----------------------------------|---------------------|---|
| Project # | 137955 | Project Type | Standard |
| Project Category | B - Emergency Protective Measures | Applicant | PR ELECTRIC POWER AUTHORITY (000-UA2QU-00) |
| Project Title | Earthquake Peaking Units | Event | 4473DR-PR (4473DR) |

Damage Description and Dimensions

The Disaster # 4473DR, which occurred between 12/28/2019 and 07/03/2020, caused:

Damage # 380820; Emergency Protective Measures (Peaking Units)

On January 6, 2020, a magnitude 5.8 earthquake struck the southwest region of Puerto Rico causing considerable damage to homes and other private and public structures as well as a partial electric power blackout leaving over 327,000 citizens without power. On January 7, 2020, a magnitude 6.4 earthquake, Puerto Rico's most destructive quake in a century, caused major damage to private and public structures and infrastructure, including structural and mechanical damage to Puerto Rico Electric Power Authorities (PREPA) Costa Sur power plant. Costa Sur, an 820 MW power plant provides over 26% of the electric power on the island. The island suffered a complete electric power blackout as a result of the earthquake and the Costa Sur power plant failure. On January 11, 2020, a magnitude 5.9 aftershock once again rattled Puerto Rico's southwestern coast exacerbating previous damages to the plant.

As a result, PREPA was forced to use the peaking generators to provide power to critical facilities and functions, including hospitals, police departments, fire departments, emergency centers, water facilities, vulnerable populations and the like to safeguard life and safety and to prevent further property damage. This resulted in these units no longer being used for their intended purpose as peaking units, where they would supplement the power provided by the base units, but instead they have been run much more constantly to provide base power for critical facilities and functions and as an emergency protective measure to restore power. The incident period still open.

During the incident period of 12/28/2019 through 7/3/2020, Puerto Rico M6.5 Earthquake created an immediate threat to the health and safety of the general public requiring emergency response and protective measures.

- Provided Electric Power for Power System of Puerto Rico at Aguirre Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Cambalache Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Mayaguez Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Daguao Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Vega Baja Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Yabucoa Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Palo Seco Power Plant from 1/6/2020 to 8/1/2020.
- Provided Electric Power for Power System of Puerto Rico at Jobos Power Plant from 1/6/2020 to 8/1/2020.

The location of the Peaking Generator Units and capacities are as follows:

Location 1. Aguirre, 8 units (50 MW each) Capacity: 400Mw
Lat. 17.949117 Long -66.231594

Location 2. Cambalache, 1 unit (82.5 MW each) Capacity: 82.5Mw
Lat. 18.470950 Long -66.699594

Location 3. Mayaguez, 2 units (55 MW each) Capacity: 110Mw
Lat. 18.219448 Long -67.160700

Location 4. Daguao, 2 units (21 MW each) Capacity: 42Mw
Lat. 18.232280 Long. -65.667225

Location 5. Vega Baja, 2 units (21 MW each) Capacity: 42Mw
Lat. 18.446168 Long. -66.392551

Location 6. Yabucoa, 2 units (21 MW each) Capacity: 42Mw
Lat. 18.105973 Long. -65.823333

Location 7. Palo Seco, 9 units (21 or 27 MW each) Capacity: 207Mw
Lat. 18.455040 Long. -66.149796

Location 8. Jobos, 2 Units (21 MW each) Capacity: 42Mw
Lat. 17.961936 Long. -66.138703

Final Scope

380820 Earthquake Peaking Units

Version 1 - Cost code changed from 9001 to 9008. SOW description clarified and aligned to cost code. No changes to cost or other changes from V0.

Work To Be Completed

The applicant utilized force account equipment for the Emergency Protective Measures caused by Costa Sur's electric power plant failure due to damages received by the incident.

Cost share for this version is 75%. All work and costs in this project fall between 12/28/2019 and – .

Provided electric power to the Puerto Rico electrical grid using peaking generators at:

- A. Aguirre Power Plant.
- B. Cambalache Power Plant.
- C. Mayaguez Power Plant.
- D. Daguao Power Plant.
- E. Vega Baja Power Plant.
- F. Yabucoa Power Plant.
- G. Palo Seco Power Plant.
- H. Jobos Power Plant.

Work to Be Completed Total: **\$384,150,412.00**

Project Notes:

1. All costs associated with this project have been validated using applicant provided historical data. See attachment labeled: ST137955-DR4473PR-Validation.xlsx
2. GPS coordinates for Location 8 Jobos are (17.961002, -66.140261).

3. Cost adjusted due to mathematical error in totals provided by the applicant, see document: Applicant Response to RFI Math Error.pdf.

Cost

| Code | Quantity | Unit | Total Cost | Section |
|------------------|----------|----------|------------------|-------------|
| 9008 (Equipment) | 1.00 | Lump Sum | \$384,150,412.00 | Uncompleted |

| | |
|----------------------------|-------------------|
| CRC Gross Cost | \$384,150,412.00 |
| Total Insurance Reductions | (\$66,786,371.00) |
| CRC Net Cost | \$317,364,041.00 |
| Federal Share (75.00%) | \$238,023,030.75 |
| Non-Federal Share (25.00%) | \$79,341,010.25 |

Subgrant Conditions

- As described in 2 CFR, Part 200 § 200.333, financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. Exceptions, Part 200.333, (a) – (f), (1), (2). All records relative to this Project Worksheet are subject to examination and audit by the State, FEMA and the Comptroller General of the United States and must reflect work related to disaster-specific costs.
- In the seeking of proposals and letting of contracts for eligible work, the Applicant/Subrecipient must comply with its Local, State (provided that the procurements conform to applicable Federal law) and Federal procurement laws, regulations, and procedures as required by FEMA Policy 2 CFR Part 200, Procurement Standards, §§ 317-326.
- The Recipient must submit its certification of the applicant's completion of this project, the final claim for payment, and supporting documentation within 180 days from the date that the applicant completes the scope of work. Project Worksheets written as large projects (costs above the large project threshold) are reimbursed based on the actual eligible final project costs. Therefore, during the final project reconciliation (closeout), the project may be amended to reflect the reconciliation of actual eligible costs.
- The terms of the FEMA-State Agreement are incorporated by reference into this project award under the Public Assistance grant and the applicant must comply with all applicable laws, regulations, policy, and guidance. This includes, among others, the Robert T. Stafford Disaster Relief and Emergency Assistance Act; Title 44 of the Code of Federal Regulations; FEMA Policy No. 104-009-2, Public Assistance Policy and Program Guide; and other FEMA policy and guidance.
- The DHS Standard Terms and Conditions in effect as of the date of the declaration of this major disaster are incorporated by reference into this project award under the Public Assistance grant, which flow down from the Recipient to subrecipients unless a particular term or condition indicates otherwise.
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 C.F.R. pt. 200 apply to this project award under the Public Assistance grant, which flow down from the Recipient to all subrecipients unless a particular section of 2 C.F.R. pt. 200, the FEMA-State Agreement, or the terms and conditions of this project award indicate otherwise. See 2 C.F.R. §§ 200.101 and 110.
- The applicant must submit a written request through the Recipient to FEMA before it makes a change to the approved scope of work in this project. If the applicant commences work associated with a change before FEMA approves the change, it will jeopardize financial assistance for this project. See FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide.

Insurance

Additional Information

10/15/2020

No adjustments to be made to the previous insurance coverage determination, no revisions to narrative needed, updated applicant tracker if needed, providing administrative function and forwarding project for completion.

Olga Renta, PA Insurance Specialist, CRC Atlantic, San Juan, PR

7/9/2020

GENERAL INFORMATION

Event: 4473DR-PR

Project: ST 137955

Category of Work: Cat B - Emergency Protective Measures

Applicant: PR Electric Power Authority

Event Type: Earthquake / Earthquake

Cause of Loss: Earthquake

Incident Period: 12/28/2019 to Ongoing

Total Public Assistance Amount: \$384,150,412.00

COMMERCIAL INSURANCE INFORMATION

Does the Applicant have a Commercial Policy: Yes

Policies Issued by: Mapfre, Willis Towers Watson and Multinational Insurance Company

Policies Numbers: Mapfre Praico Insurance Company (1398198000640)

Willis Towers Watson (B0804Q21251F19, B0804Q21426F19, B0804Q18529F19, B080423147F19, B0804Q11038F19, B0804Q23134F19, B0804Q23124F19, B0804Q18529F19, B0804Q23133F19, B0804Q21271F19, B0804Q21426F19, B0804Q14312F19)

Multinational Insurance Company (CP-319974-1, CP-319970-1, CP-327903-0, CP-319973-1, CP-327905-0, CP-319979-1, CP-318673-2, CP-319971-1, CP-327902-0, CP-327901-0, CP-318677-2, CP-319968-1)

Policy Period: From: Mapfre 5/31/2019 To: 5/31/2020

Policy Limits: \$300,000,000.00 combined single limit property damage and business interruption each and every occurrence which in turn excess of policy deductibles each and every occurrence.

RCV or ACV: Replacement Cost Value

Deductible Amount: \$25,000,000.00 each and every occurrence property damage and 30 days each and every occurrence business interruption in respect of Named Windstorm and Earthquake.

Does the Applicant's Commercial Policy extend coverage for the damage described in this project: Yes

Final Insurance Settlement Status: Insurance proceeds for this project are anticipated

The amount of Anticipated Insurance Proceeds applied to this Project: \$66,786,371.00

NUMBER OF DAMAGED INVENTORIES INCLUDED IN THIS PROJECT: (1)

Damaged Inventory (DI) #380820:

Emergency Protective Measures (Peaking Units)

Number of damaged locations included in this DI: (8)

Locations Description: Peaking Generators in Aguirre Power Plant, Cambalache Power Plant, Mayaguez Power Plant, Daguao Power Plant, Vega Baja Power Plant, Yabucoa Power Plant, Palo Seco Power Plant and Jobos Power Plant.

GPS Coordinates:

Location 1. Aguirre, 8 units (50 MW each) Capacity: 400Mw

Lat. 17.949117 Long -66.231594

Location 2. Cambalache, 1-unit (82.5 MW each) Capacity: 82.5Mw

Lat. 18.470950 Long -66.699594

Location 3. Mayaguez, 2 units (55 MW each) Capacity: 110Mw

Lat. 18.219448 Long -67.160700

Location 4. Daguao, 2 units (21 MW each) Capacity: 42Mw

Lat. 18.232280 Long -65.667225

Location 5. Vega Baja, 2 units (21 MW each) Capacity: 42Mw

Lat. 18.446168 Long. -66.392551

Location 6. Yabucoa, 2 units (21 MW each) Capacity 42Mw

Lat. 18.105973 Long. -65.823333

Location 7. Palo Seco, 9 units (21 or 27 MW each) Capacity: 207Mw

Lat. 18.455040 Long. -66.149796

Location 8. Jobos, 2 Units (21 MW each) Capacity: 42Mw

Lat. 17.961936 Long. -66.138703

Cause of Loss: Earthquake

Damage Inventory Amount: \$384,150,412.00

-

Prior Obtain and Maintain Requirement:

No prior insurance requirements were found for this facility.

-

Reduction(s):

A reduction is being made for anticipated insurance proceeds in the amount of \$66,786,371.00. Please see "COR3 - PREPA response Cat B PW -

A reduction is being made for anticipated insurance proceeds in the amount of \$66,786,371.00. Please see, "COR3 – PREPA response Cat B PW – 137955 Insurance Deduction" and "COR3 – PREPA response Cat B PW – 137955 Insurance Deduction – Attachment A" files.

On July 9, 2020, COR3 transmitted the PREPA letter dated July 8, 2020 confirming that PREPA is holding an insurance policy with a limit of \$300 Million to cover damages caused by the earthquakes, FEMA-4473-DR-PR. PREPA presented an allocation plan for a total of \$275 Million of anticipated insurance proceeds: \$66,786,371.00 for emergency work (Category B); and \$208,213,629 for permanent work (Categories C-G) including the damages to the Costa Sur Steam Power Plant. Pursuant to Section 312 of the Stafford Act, Duplication of Benefits, the actual insurance proceeds recovered by PREPA must be deducted from eligible projects amount. FEMA may reevaluate PREPA's insurance allocation plan to apply insurance reductions to any eligible project(s) with insured damages to avoid duplication of benefits.

-

Obtain and Maintain Requirement:

No insurance requirements are mandated for the work described in this project. Insurance requirements are specific to permanent work to replace, restore, repair, reconstruct, or construct buildings, contents, equipment, and vehicles (FEMA Recovery Policy FP 206-086-1).

Anticipated Insurance Proceeds Statement:

FEMA acknowledges that the Applicant is in negotiations with their insurance carrier at the time of the FEMA insurance review and might have received partial settlements. In accordance with 44 CFR §206.250-253, in the absence of an actual settlement, anticipated insurance recoveries will be deducted from this project based on Applicant's insurance policy limits. FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives after a final settlement.

FEMA's Recovery Policy FP 206-086-1, Public Assistance Policy on Insurance (June 29, 2015), requires applicants to take reasonable efforts to recover insurance proceeds that it is entitled to receive from its insurers. FEMA will consider final insurance settlements that may be less than the insurance policy limits when an applicant demonstrates that it has taken reasonable efforts to recover insurance proceeds that it is entitled on a case-by-case basis.

Standard Insurance Comments

FEMA Policy 206-086-1

PART 2: Other Insurance-Related Provisions. (Sections 312 and 406(d) of the Stafford Act)

A. Duplication of Benefits. FEMA cannot provide assistance for disaster-related losses that duplicate benefits available to an applicant from another source, including insurance.

1. Before FEMA approves assistance for a property, an applicant must provide FEMA with information about any actual or anticipated insurance settlement or recovery it is entitled to for that property.
2. FEMA will reduce assistance to an applicant by the amount of its actual or anticipated insurance proceeds.
3. Applicants must take reasonable efforts to recover insurance proceeds that they are entitled to receive from their insurer(s).

Jean-Carlo Echevarria, PA Insurance Specialist

CRC Atlantic, Guaynabo, PR

O&M Requirements

There are no Obtain and Maintain Requirements on **Earthquake Peaking Units.**

Environmental Historical Preservation

Is this project compliant with EHP laws, regulations, and executive orders?

Yes

EHP Conditions

- Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
- This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize funding.
- If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archaeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
- The Applicant is responsible for meeting all reporting requirements and conditions listed in the EPA ¿No Action Assurance for Puerto Rico Power Authority for Fuel Consumption and Analysis¿ (NAA) and all reporting requirements and conditions listed within subsequent extensions of the NAA.

EHP Additional Info

There is no additional environmental historical preservation on **Earthquake Peaking Units**.

Final Reviews

Final Review

Reviewed By MARTINEZ SANTIAGO, ISRAEL

Reviewed On 10/16/2020 11:04 AM AST

Review Comments

All documents in order. Sending the Recipient/Applicant for final approval.

Recipient Review

Reviewed By Cintron, Jesus

Reviewed On 10/16/2020 1:10 PM AST

Review Comments

Cost code update reviewed

Project Signatures

Signed By Rivera, Maricarmen

Signed On 10/16/2020

Exhibit B

[Disponible para ser descargado en versión nativa en:

https://diazvaz-my.sharepoint.com/:f:/g/personal/kbolanos_diazvaz_law/EmXVAZdzaHFFpZeydShIx14B7QuonLyokWSYExy6pbnung?e=tSqE1A]

Detalles del Proyecto Autorizado por FEMA

| | | |
|--|------------------------------|---|
| Total del Proyecto | 384,150,412.00 | (Actual + Estimado de Abril - Julio 2020) |
| Deducción por concepto de Seguro | <u>66,786,371.00</u> | B |
| Porción del Proyecto sujeto a Reembolso de FEMA | <u>317,364,041.00</u> | A |

Reconciliación de Reembolso

| | | |
|---|------------------------------|---|
| Total de costos de proyecto solicitado | \$ 358,401,352.67 | (Actual de Enero a Julio 2020) |
| Total aprobado por FEMA | 317,364,041.00 | A (Nota: Dicha cantidad ya incluye la deducción por concepto de seguro) |
| Deducción por concepto de Seguro | <u>66,786,371.00</u> | E |
| Total de reembolso aprobado por COR3 | <u>250,577,670.00</u> | A - B = C |
| Porción Federal a Recibirse (75%) | <u>187,933,252.50</u> | C * 75% <i>A recibirse en banco</i> |

Proporción Combustible y O&M

| | | |
|------|------------------------------|----------------------|
| 0.74 | 139,743,185.30 | D Combustible |
| 0.26 | <u>48,190,067.20</u> | O&M |
| | <u>187,933,252.50</u> | |

D - Cantidad de combustible se determina por la proporción de combustible y O&M en la solicitud original

E - Segunda deducción por concepto de seguro según política de COR3.

Exhibit C



FEMA

July 24, 2020

Mr. Ottmar Chávez
Executive Director
Recovery and Reconstruction Office of Puerto Rico, COR3
Governor's Authorized Representative
Commonwealth of Puerto Rico
P.O. Box 195014
San Juan, PR, 0018-5014

Re: FEMA-4473-DR-PR
Blanket Time Extension Category A and B

Dear Mr. Chávez:

This letter is in response to the Government of Puerto Rico's (Recipient) July 15, 2020 correspondence regarding emergency work time extension. The Federal Emergency Management Agency (FEMA) acknowledges the notification of the Recipient's approval of a six (6) month time extension for all project completion deadlines for FEMA-4473-DR-PR Category A and B, except temporary facilities, until January 16, 2021. The Recipient is also recommending that FEMA extend temporary facilities projects and all other emergency work projects that require FEMA's approval for six (6) months, until January 16, 2021. The current project completion deadline for all Category A and B projects are six (6) months from the declaration of the disaster, in this case, July 16, 2020. FEMA has reviewed the Recipient's request and is *approving* the time extension of the project completion deadline until January 16, 2021.

FEMA has reviewed the Recipient's request for an extension of all emergency work projects including temporary facilities and agrees with this request as written. The Recipient asserts that a time extension is necessary due to ongoing earthquakes that affect the recovery efforts and the national COVID-19 Pandemic that halted recovery work during the months of March through June 2020.

Based on a review of this request, the information submitted by the Recipient meets the requirements for an extension of time limits for project completion as set forth in 44 C.F.R § 206.204(d) and, as applicable, the *Public Assistance Program and Policy Guide*. This letter constitutes the official notification of this determination to the Recipient.

Any additional request to extend the performance period beyond the periods authorized above must be submitted by the Recipient to the Regional Administrator for review and approval as appropriate.¹

¹ 44 C.F.R. § 206.204(d).

Mr. Chávez
COR3, Cat A & B
Time Extension Request
July 24, 2020
Page 2 of 2

Should you have any questions or require further assistance, please contact Andrés García Martínó, Infrastructure Branch Director at andres.garciamartino@fema.dhs.gov.

Sincerely,

Alex Amparo
Federal Coordinating Officer
FEMA-4473-DR-PR

Attachment: COR3's letter dated July 15, 2020, Time Extension Notification for Cat A & B
Period of Performance Deadline for FEMA-4473-DR-PR