

GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU



IN RE: COORDINATION OF SYSTEM
PLANNING EFFORTS – FRONT END
TRANSITION OF T&D SYSTEM OPERATION
AND MAINTENANCE

CASE NO.: NEPR-MI-2020-0008

SUBJECT: LUMA Monthly Status Reports for
Front-End Transition Services.

RESOLUTION AND ORDER

On June 22, 2020, the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3 Authority"), and LUMA Energy, LLC ("LUMA"), entered into the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("OMA"). Based on the information provided to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") by LUMA, pursuant to the provisions of the OMA, all parties commenced to execute the responsibilities contained in the OMA for the established Front-End Transition period ("FET").

As part of the FET, the Energy Bureau has received monthly progress updates submitted by LUMA, in accordance with the provisions of Section 4.2 (b) of the OMA. In the most recent monthly report for October 2020, addressing the item of FEMA Funding, LUMA raised several concerns regarding the respective parties' tasks in connection with system planning efforts which were identified as risks with potential to materially impact project success. Specifically, LUMA indicated in the monthly progress report the following:¹

FEMA Funding	During October, PREPA progressed the development of the 10-year plan in response to FEMA's request for a detailed federal funding project plan pursuant to the approval of FEMA Public Assistance permanent work funding in September. This PREPA-led effort has progressed in October with minimal visibility to LUMA. LUMA's concern remains to potential disconnect between the 10-year plan and the Initial Budgets/SRP work being undertaken by LUMA creating a potential for duplication of effort and potential rework. As a mitigation measure, LUMA anticipates increased exposure to the 10-year plan in November; and will contemplate this view as we complete LUMA's Initial Budgets/SRP submission for PREB.
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As per the OMA, one of the conditions precedents to service commencement date is the submission to and approval by the Energy Bureau of a System Remediation Plan.² The

¹ See Monthly Status Report for the Period Ending October 2020, p. 14. (Emphasis added).

² See OMA, Section 4.5(k).

Energy Bureau reminds the parties that per Subsection 5.5(a) of the OMA, LUMA has primary responsibility for federally funded capital improvements. PREPA is also obligated under Subsection 5.5(b) of the OMA to assist and provide information about any eligible projects that PREPA is aware of and to diligently ensure LUMA has the best information to facilitate LUMA's capital planning and project formulation efforts.

The identified risks in the mentioned monthly progress report could be very reasonably construed to potentially give rise to duplication of system planning actions and wasted resources.

The Energy Bureau is the government entity legally vested with the authority to set the rates for electric service.³ Therefore, the Energy Bureau **WARNS** PREPA and LUMA that they are responsible to coordinate and communicate expeditiously with each other to effectuate the actions and tasks outlined regarding system planning. Both parties will be held accountable for their actions and any resulting delays. Furthermore, the Energy Bureau **WARNS** PREPA and LUMA that the duplication of system planning actions could lead to imprudent costs; such imprudent costs are removed from rates and will not be borne by customers.

Therefore, the Energy Bureau **DETERMINES** that it is prudent and necessary to issue the following directives to ensure that resources are not wasted and imprudent costs are not incurred by either PREPA or LUMA:

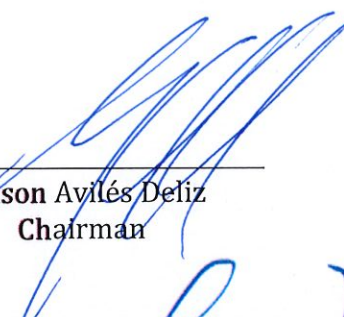
1. The Energy Bureau **DIRECTS** PREPA to inform and coordinate with LUMA immediately on any infrastructure recovery/remediation planning activities underway at PREPA's Project Management Office.
2. The Energy Bureau **DIRECTS** the PREPA's Project Management Office to submit to the Energy Bureau a weekly status update summary on these coordination efforts with LUMA. The first weekly status report is due on Friday, November 27, 2020; subsequent weekly reports are due every Friday thereafter.

Finally, the Energy Bureau **WARNS** PREPA and LUMA that the foregoing warnings and orders are extensive and applicable to any and all other responsibilities that the parties have during the FET. Consequently, PREPA and LUMA are **ORDERED** to prevent and avoid any and all duplication of efforts and resources as such duplicity can lead to imprudent costs which shall not be borne by customers.

Be it notified and published.

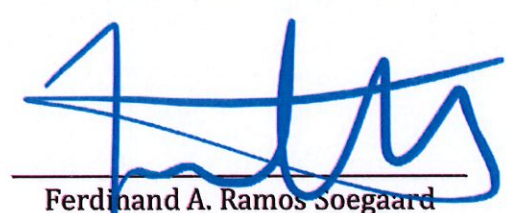
³ Section 6.25(b)(9) of Act 57-2014, known as the *Puerto Rico Transformation and RELIEF Act*, as amended.




Edison Avilés Deliz
Chairman


Ángel R. Rivera de la Cruz
Associate Commissioner


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner


Sylvia B. Ugarte Araujo
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on November 20, 2020. I also certify on November 20, 2020 a copy of the Resolution was notified by electronic mail sent to wayne.stensby@lumamc.com and mario.hurtado@lumamc.com. I also certify that this is a true and exact copy of the Resolution issued by the Puerto Rico Energy Bureau and I have proceeded with the filling of this Resolution.

For the record, I sign this in San Juan, Puerto Rico, today, November 20, 2020.


Wanda I. Cordero Morales
Clerk

