

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

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

CASE NO.: NEPR-MI-2020-0008

**SUBJECT: Resolution and Order regarding
Burns and McDonnell’s contract.**

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”). Pursuant to the provisions of the OMA, all parties commenced to execute the responsibilities in the OMA for the established Front-End Transition Period (“FET”).

Under Section 5.5(a)(vi) of the OMA, LUMA shall, among other things, “perform and supervise Capital Improvements, including engineering and related design and construction management services.” Such Capital Improvements include Federally Funded and Non-Federally Funded Capital Improvements.¹

Notwithstanding the above, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) learned through the media that PREPA hired the firm Burns and McDonnell to manage the Puerto Rico Electric Grid Revitalization Program (“Revitalization Program”).² According to PREPA personnel, Burns and McDonnell will have a key role in the budget, design and other aspects of the projects that make up the Revitalization Program, which includes the hardening and replacement of several components of the Transmission and Distribution System.³

The description of the tasks to be performed by Burns and McDonnell are very similar to the description of LUMA’s obligations under the OMA. It is important to note that, according to the cited media article, the Burns and McDonnell contract cost is thirty million dollars (\$30,000,000).

¹ See OMA, Section 1.1.

² Gerardo E. Alvarado León, Sube a \$30 millones el contrato para gerenciar el Programa de Revitalización de la Red Eléctrica, El Nuevo Día, January 28, 2021, available at <https://www.elnuevodia.com/noticias/locales/notas/sube-a-30-millones-el-contrato-para-gerenciar-el-programa-de-revitalizacion-de-la-red-electrica/>.

³ *Id.*, quoting Mr. Fernando Padilla, Deputy Executive Director of Operations.




Through the December 8, 2020, Resolution and Order in the instant case, the Energy Bureau ordered PREPA and LUMA to effectively coordinate all infrastructure recovery/remediation planning activities. The Energy Bureau warned PREPA and LUMA that, the duplication of system planning efforts could lead to imprudent costs that could potentially be removed from rates and thus, will not be borne by customers.

The Burns and McDonnell contract seems as one of such duplicity of efforts. Therefore, the Energy Bureau **ORDERS** PREPA and LUMA to, within fifteen (15) days of the notification date of this Resolution and Order:

- (1) File with the Energy Bureau a copy of the Burns and McDonnell contract, including all amendments, exhibits and annexes.
- (2) Provide a detailed explanation of Burns and McDonnell's tasks and duties under the contract.
- (3) Provide a detailed explanation as to any overlaps of the Burns and McDonnell's contract with LUMA's obligations under the OMA. PREPA and LUMA must explain in detail why the Burns and McDonnell contract is not duplicative of LUMA's obligations under the OMA.

Be it notified and published.



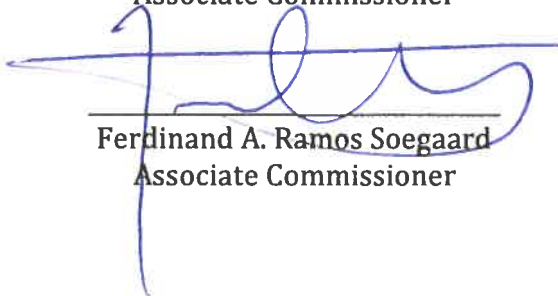
Edison Avilés Deliz
Chairman




Ángel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylva 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 February 2, 2021. I also certify that on February 2, 2021 a copy of this Resolution and Order was notified by electronic mail to the following: mvazquez@diazvaz.law, kbolanos@diazvaz.law, Legal@lumamc.com, wayne.stensby@lumamc.com, and mario.hurtado@lumamc.com. I also certify that today, February 2, 2021, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today February 2, 2021.



Sonia Seda Gaztambide
Clerk

