

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

**IN RE: REVIEW OF THE PUERTO
RICO ELECTRIC SYSTEM REMEDIATION
PLAN**

CASE NO.: NEPR-MI-2020-0019

SUBJECT: Completeness Determination.

RESOLUTION AND ORDER

I. Introduction

On June 22, 2020, the Puerto Rico Electric Power of Puerto Rico ("PREPA"), the Puerto Rico Public-Private Partnerships Authority, LUMA ENERGY, LLC¹ as ManagementCo, and LUMA ENERGY SERVCO, LLC² as ServCo (collectively, "LUMA") entered into an Operation and Maintenance Agreement ("OMA") under which LUMA will manage PREPA's transmission and distribution system ("T&D System").

As a certified electric service company and the operator of the T&D System, LUMA is subject to compliance with applicable statutory and regulatory requirements. Under Section 4.1(d) of the OMA, LUMA must prepare a System Remediation Plan. The System Remediation Plan shall be developed to remediate, repair, replace and stabilize such equipment, systems, practices, and services, as needed, to enable Operator to perform the O&M Services in compliance with the Contract Standards as defined in the OMA.

On December 31, 2020, the Energy Bureau of the Puerto Rico Service Regulatory Board ("Energy Bureau") issued a Resolution and Order commencing this proceeding and ordering PREPA and LUMA to ensure that any filing to be executed before the Energy Bureau under Section 4.1(d) of the OMA is aligned with: (i) the Integrated Resources Plan recently approved by the Energy Bureau³ (ii) the Distribution Planning Principles established by the Energy Bureau under Case No. NEPR-MI-2019-0011; (iii) the outcome of Case No. NEPR-MI-2020-0016; and (iv) applicable energy public policy; and the principles established in the December 31, 2020 Resolution and Order. The Energy Bureau also ordered PREPA and LUMA representatives to attend a Pre-Filing Technical Conference held remotely on January 12, 2021 to clarify PREPA and LUMA's questions regarding the filing.

¹ See In re: Request for Certification LUMA ENERGY, LLC, Case No. NEPR-CT-2020-0008.

² See In re: Request for Certification LUMA ENERGY SERVCO, LLC, Case No. NEPR-CT-2020-0007.

³ See In re: Review of the Puerto Rico Electric Power Authority's Integrated Resource Plan, Case No. CEPR-AP-2018-0001, Final Resolution and Order, August 24, 2020.



On February 24, 2021, LUMA filed a document titled *LUMA's Submittal and Request for Approval of System Remediation Plan* ("February 24 Request"). The February 24 Request included, as Exhibit 1, the System Remediation Plan ("SRP") proposed by LUMA for Energy Bureau's review and approval. In the February 24 Request, LUMA asks the Energy Bureau to accept the System Remediation Plan and approve Exhibit 1 in its entirety.

II. Determination on Completeness

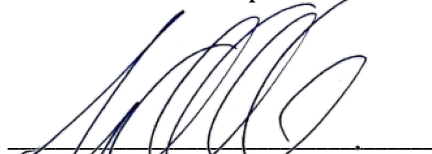
As with any other proceeding, the Energy Bureau conducted a preliminary review of the February 24 Request. As a result of such review, the Energy Bureau found that the February 24 Request lacked an in-depth discussion of key matters, supporting data, analysis, and assessments necessary for the Energy Bureau's adequate evaluation. Therefore, the Energy Bureau **DETERMINES** that the February 24 Request is **incomplete**.


III. Conclusion

For the reasons discussed above, the Energy Bureau **ORDERS** LUMA to, on or before ten (10) days from the notification of this Resolution and Order: (i) provide the information identified in Attachment A of this Resolution and Order; and (ii) modify Exhibit 1 of the February 24 Request accordingly. The Energy Bureau will commence the evaluation process of the February 24 Request once LUMA files the information identified in Attachment A of this Resolution and Order and determines the same is complete.


The Energy Bureau **WARNS** LUMA that, noncompliance with any provision of this Resolution and Order, may result in the imposition fines under Act 57-2014 and the applicable Energy Bureau's regulations and/or any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

Be it notified and published.


Edison Aviles Deliz
Chairman


Ferdinand A. Ramos Soegaard
Associate Commissioner


Lillian Mateo Santos
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 April 6, 2021. Associate Commissioner Ángel R. Rivera de la Cruz did not intervene. I also certify that on April 6, 2021 a copy of this Resolution and Order was notified by electronic mail to the following: mmercado@mercado-echagaray-law.com, margarita.mercado@us.dlapiper.com, jmarrero@diazvaz.law and kbolanos@diazvaz.law. I also certify that today, April 6, 2021, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

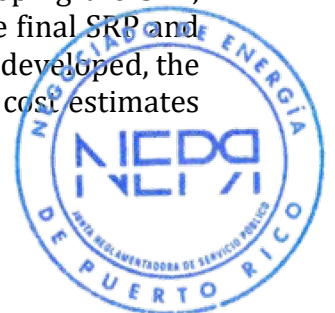
I sign this in San Juan, Puerto Rico, today April 6, 2021.


Sonia Seda Gaztambide
Clerk



Attachment A
Additional Information Required

1. Provide a summary and supporting workpapers and documentation for the LUMA preliminary assessment (“gap assessment”) of the condition of the utility physical assets and management practices.
2. Provide results of the LUMA utility-wide risk-based screening process, which screened each initiative for the likelihood of a failure occurring if the proposed SRP initiative does not address the identified deficiency, and for the potential for significant adverse consequences or impacts of that failure.
3. Provide the final version of the SRP Prioritization Tool used to determine the SRP Program Prioritization and Sequencing Process of the initiatives identified in the gap assessment for funding in the next three years.
4. Provide final versions of the Detailed Process and Template used to develop the System Remediation Plan and effectively track its execution.
5. To the extent it is not included in requests #2, #3 and #4 above, provide final versions of the Prioritization sequences, cost/benefit analyses and analyses completed to optimize SRP programs and investments.
6. To the extent it is not included in requests #2, #3, #4 and #5 above, provide the roadmap for SRP programs (O&M and capital expenditures) with Milestone Deliverables and projected benefits of SRP programs and investments, particularly reliability developments. Also include the consolidated projection of resource and material requirements, costs and schedules and timelines for the SRP programs developed by LUMA, along with the roadmap of resource requirements, costs, and schedules.
7. For each SRP program, initiative, or capital expenditure category, provide a detailed breakdown of funding source (*i.e.*, federally funded or non-federally funded). For federally funded SRP programs, initiatives, or capital expenditure categories, please provide estimated budget levels, and a description of what steps have been taken to initiate application for federal funding, and/or a roadmap and schedule of remaining steps that need to be taken. For federally funded SRP programs, initiatives or capital expenditure categories that have already initiated application for federal funding, please provide status reports on FEMA and or other agency progress in reviewing and approving those applications.
8. Provide a listing of the 600 initiatives identified by LUMA in developing the SRP, including indication of which initiatives are or are not included in the final SRP and why. For each initiative, please include the scope description that was developed, the description of the solution, interdependencies with other initiatives, cost estimates and resource requirements, as discussed in Section 1.4.2 of the SRP.



9. Provide results from and supporting workpapers for the System Wide Gap Assessment LUMA completed in developing the SRP.
10. Provide a listing of the “comprehensive set of initiatives” to address gaps identified by LUMA and the assessments developed to prioritize and sequence identified improvement programs in order to deliver value to customers and meet regulatory and contractual requirements.
11. Provide a working copy of the risk-based screening analysis completed by LUMA to identify (i) those processes and organizational schemes that have low maturity; and (ii) those assets in poor health that have the largest negative consequence or highest impact to the utility, its employees, and customers.
12. Provide summary workpapers and results from the Organizational Health Assessment, Asset Condition Assessment, review of PREPA system performance data and review of regulatory, legal, and contractual requirements completed by LUMA in Phase I development of the SRP.
13. To the extent it is not included in responses to the data requests above, provide supporting workpapers and analyses developed by LUMA in evaluating the SRP initiatives and in assessing those initiatives for compliance with public policy including, but not limited to, the Integrated Resource Plan and Modified Action Plan approved by the Energy Bureau on August 24, 2020 and the Renewable Portfolio Standards.
14. In Table 6-1 of the SRP Customer Service Portfolio (on page 54), approximately \$1.23 Billion of customer service program spending is identified as non-attributable to the SRP. Provide a breakdown of those spending requirements and anticipated funding sources.
15. For transmission lines, substations, transformers, and distribution circuits that were inspected by LUMA in developing the SRP, provide electronic copies of inspection reports, or alternatively, provide any tabulations of inspection data (*e.g.*, scoring and comparison matrices) developed by LUMA in preparing the SRP.
16. Explain in detail how the proposed SRP, the PREPA 10-Year Infrastructure Plan⁴, and any other strategic plan are synchronized and/or aligned.
17. Provide specific and detailed examples or scenarios and/or data supporting or showing the SRP’s compliance with each of the principles stated by the Energy Bureau in the Resolution and Order issued on December 31, 2020 in the instant case.

⁴ As modified pursuant to the Energy Bureau’s Resolution and Orders under Case No. NEPR-MI-2021-0002.

