

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

**IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S
SYSTEM REMEDIATION PLAN**

CASE NO.: NEPR-MI-2020-0019

**SUBJECT: Request for Clarifications or
Reconsideration of Portions of June 23rd
Resolution and Order Approving LUMA's
System Remediation Plan**

RESOLUTION AND ORDER

I. Introduction

On February 24, 2021, LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *LUMA's Submittal and Request for Approval of System Remediation Plan* ("System Remediation Plan Petition"),¹ pursuant to Act 57-2014,² as amended by Act 17-2019,³ and per the obligations of LUMA under Section 4.1 (d) of the OMA.⁴

The Energy Bureau completed a detailed review of the System Remediation Plan Petition, including holding Technical Conferences on May 14, 2021, and May 17, 2021. Upon completing its review and considering all evidence submitted in the case, on June 23, 2021, the Energy Bureau issued a Resolution and Order conditionally approving LUMA's System Remediation Plan and establishing reporting requirements and other conditions of approval.⁵

On July 13, 2021, LUMA filed before the Energy Bureau a document titled *Request for Clarifications or Reconsideration of Portions of June 23rd Resolution and Order Approving LUMA's System Remediation Plan* ("Request for Reconsideration"). In its Request for

¹ See In Re: Review of the Puerto Rico Electric Power Authority's System Remediation Plan, Case No. NEPR-MI-2020-0019, February 24, 2021.

² *The Puerto Rico Energy Transformation and RELIEF Act, as amended.*

³ *The Puerto Rico Energy Public Policy Act.*

⁴ Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement, entered into by the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), and LUMA, June 22, 2020 ("OMA").

⁵ See Resolution and Order, In Re: Review of the Puerto Rico Electric Power Authority's System Remediation Plan, Case No. NEPR-MI-2020-0019, June 23, 2021 ("June 23 Resolution").



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Reconsideration, LUMA asserts that certain reporting requirements ordered by the Energy Bureau are not aligned with other reporting and compliance requirements in related proceedings, including LUMA's Initial Budgets.⁶ LUMA requests reconsideration of specific reporting requirements, as required by the Energy Bureau through the June 23 Resolution.

In addition, LUMA requests clarification of several statements contained in the June 23 Resolution, primarily related to semantic definitions of terms used in the System Remediation Plan, such as "initiatives" and "programs".⁷

II. Analysis of the Request for Reconsideration

As part of its Request for Reconsideration, LUMA asks for clarification and/or reconsideration on specific provisions of the June 23 Resolution. The Energy Bureau will discuss each request separately.

A. Reports to be submitted every two months on the System Remediation Plan Implementation.

Through the June 23 Resolution, the Energy Bureau required LUMA to submit a report on the System Remediation Plan implementation, to be submitted every two months comprising the following:

1. Actual spending amounts, broken down by spending initiative/portfolio, and reflecting in detail any variances from the System Remediation Plan.
2. A detail[ed] timeline per portfolio with sufficient detail to allow the Energy Bureau to assess project status for System Remediation Plan capital expenditures and operational initiatives; and
3. Any capital expenditures or operational initiatives that are behind schedule, compared to initial System Remediation Plan timeframe and a detailed explanation as to the cause of the delay and the corrective actions implemented to prevent further delays, as applicable.

In its Request for Reconsideration, LUMA states that the two-month reporting requirement in this case is not aligned with reporting requirements LUMA will undertake in connections with its approved budget for Fiscal Year 2022 in Case No. NEPR-MI-2021-0004⁸

⁶ Request for Reconsideration, p. 2.

⁷ *Id.*, p. 5.

⁸ *Id.*, p. 2.



("Initial Budgets").⁹ LUMA proposes to amend the timing of the reporting requirement and file such reports every quarter, to align with the Initial Budgets reporting requirements, and provide a more fulsome report.¹⁰

In addition, LUMA states that there is significant overlap between in the information to be reported within the System Remediation Plan and Initial Budgets required reporting, and that it will be more efficient, avoid duplication of efforts and allow for consistent and clear reporting across multiple proceedings.¹¹ LUMA requests the Energy Bureau to set the date for filing of quarterly reports forty-five (45) days after each quarter closes.¹² LUMA argues that this timeframe will allow LUMA to avoid providing preliminary data in order to meet alternative and more accelerated timelines.¹³

After reviewing LUMA's Request for Reconsideration the Energy Bureau concurs that a combined, comprehensive reporting of both System Remediation Plan and Initial Budgets information will improve efficiency, both in LUMA's preparation of its reporting and in the Energy Bureau's review. Therefore, the Energy Bureau **MODIFIES** the bimonthly reporting requirement. The Energy Bureau **ORDERS** LUMA to file the reports specified in the June 23 Resolution on a quarterly basis. The due date for such reports will be no later than thirty (30) days after the close of the reported quarter.

B. Reports on Modifications.

LUMA requests clarification or modification of the June 23 Resolution whereby the Energy Bureau ordered LUMA to submit any future proposed modifications to the System Remediation Plan for Energy Bureau review and approval, prior to implementing such modification.¹⁴ In its Request for Reconsideration, LUMA alleges that it understands that this requirement should not apply to "initiatives", as LUMA designed the System Remediation Plan based on Spending Portfolios.¹⁵ LUMA states that it will request approval from the Energy Bureau when the need arises for modifications that involve increases in the approved budgets for SRP Portfolios.¹⁶

⁹ *Id.*, pp. 3-5.

¹⁰ *Id.*, p. 4.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* p. 5.

¹⁵ *Id.*

¹⁶ *Id.*



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After reviewing LUMA's Request for Reconsideration, the Energy Bureau **CLARIFIES** that approval of modifications to the System Remediation Plan is required for changes to System Remediation Plan Portfolios, not for the modifications of the underlying initiatives comprising those Portfolios. We must point out that, we are not only concerned with modifications that result in budget increases, but we are also concerned with underspending on needed system remediation activities. As such, the Energy Bureau **ORDERS** LUMA to submit, for Energy Bureau approval, modifications to the System Remediation that include modifications of System Remediation Plan Portfolios. Approval of such modifications are required regardless of whether such modification results in changes in the approved budget.

C. Clarification of Statements.

Through its Request for Reconsideration, LUMA asks the Energy Bureau to clarify or modify certain statements in the June 23 Resolution, primarily related to the interchange use of the word's "initiatives" and "programs".¹⁷

After reviewing LUMA's request for clarification of several statements included in the June 23 Resolution, the Energy Bureau **DETERMINES** that claims regarding the use of specific terms to describe the System Remediation Plan activities is a matter of semantics that does not materially affect the Energy Bureau's conditional approval of the System Remediation Plan Petition. Therefore, the Energy Bureau **DENIES** LUMA's request for clarification or modification regarding this topic.


Be it notified and published.



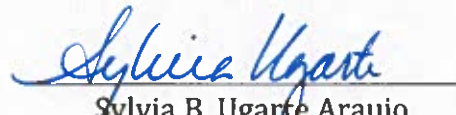
Angel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

¹⁷ *Id.* pp. 5-6.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on August 25, 2021. President Edison Avilés Deliz did not intervene. I also certify that on August 25, 2021 a copy of this Resolution and Order was notified by electronic mail to the following: kbolanos@diazvaz.law, jmarrero@diazvaz.law and margarita.mercado@us.dlapiper.com. I also certify that today, August 25, 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 August 25, 2021.



Sonia Seda Gaztambide
Clerk

