

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

NEPR

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IN RE: PERFORMANCE METRICS
TARGETS FOR LUMA ENERGY SERVCO,
LLC

CASE NO. NEPR-AP-2020-0025

**SUBJECT: Submission of Red-Line
Version of Revised Annex IX to the Puerto
Rico Transmission and Distribution System
Operation and Maintenance Agreement
("OMA")**

**MOTION SUBMITTING REDLINE VERSION OF THE REVISED REQUEST
FOR APPROVAL OF THE REVISED ANNEX IX TO THE OMA**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME now **LUMA Energy, LLC** ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo"), (jointly referred to as the "Operator" or "LUMA"), and respectfully state and request the following:

1. On February 25, 2021, LUMA filed a Petition requesting that this Honorable Puerto Rico Energy Bureau ("Energy Bureau") approve the revised Annex IX to the OMA that includes LUMA's proposed Performance Metrics Targets ("Request for Approval of the Revised Annex IX to the OMA").

2. On April 8, 2021, this Energy Bureau issued a procedural calendar to consider the Request for Approval of the Revised Annex IX to the OMA and LUMA's Performance Metrics Targets. The procedural calendar was subsequently amended on three occasions.

3. Per the current procedural calendar, on August 18, 2021 LUMA filed a revised version of the Request for Approval of the Revised Annex IX to the OMA ("Revised Request for Approval of the Revised Annex IX to the OMA"). Therein, LUMA petitioned this Energy Bureau

to accept and approve the Revised Annex IX to the OMA and the Revised Performance Metrics Targets, set the Performance Metrics and targets to apply for an initial period of three years of operations, and allow periodic review of the performance baselines, metrics and targets.

4. In order to facilitate the revision of the Revised Request for Approval of the Revised Annex IX to the OMA by this Energy Bureau and the intervenors to this proceeding, LUMA hereby submits a redline version of said document, as Exhibit 1. The purpose of filing the redline version is to simplify the comparison between the Annex IX of the OMA executed on June 22, 2020, and the Revised Request for Approval of the Revised Annex IX to the OMA filed on August 18, 2021.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **receive and accept** the redline version of the Revised Request for Approval of the Revised Annex IX to the OMA filed on August 18, 2021.

RESPECTFULLY SUBMITTED.

We hereby certify that we filed this motion using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this motion to the attorneys for PREPA, Joannely Marrero-Cruz, jmarrero@diazvaz.law; and Katuska Bolaños-Lugo, kbolanos@diazvaz.law, the Office of the Independent Consumer Protection Office, Lcda. Hannia Rivera Diaz, hrivera@jrsp.pr.gov, and counsel for the Puerto Rico Institute for Competitiveness and Sustainable Economy (“ICSE”), Fernando Agrait, agraitfe@agraitlawpr.com, and counsels for Comité Diálogo Ambiental, Inc., El Puente de Williamsburg, Inc., Enlace Latino de Acción Climática, Alianza Comunitaria Ambientalista del Sureste, Inc., Coalición de Organizaciones Anti-Incineración, Inc., Amigos del Río Guaynabo, Inc., CAMBIO, Sierra Club and its Puerto Rico Chapter, and Unión de Trabajadores de la Industria Eléctrica y Riego (jointly, Puerto Rico Local and Environmental Organizations), rsto2@gmail.com, notificaciones@bufete-emmanuelli.com, pedrosaade5@gmail.com, jessica@bufete-emmanuelli.com; rolando@bufete-emmanuelli.com.

In San Juan, Puerto Rico, this 20th day of August 2021.



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EXHIBIT 1

Annex IX

Performance Metrics

I. General

For each Contract Year, ~~the Operator~~LUMA shall be eligible to receive financial incentive compensation (“Incentive Fee”) based on the ~~Operator’s~~LUMA’s performance during the Contract Year ~~as~~. LUMA’s performance will be measured against the performance goals set forth by the Performance Metrics as described in this revised Annex IX (Performance Metrics). The Incentive Fee calculation is described in Annex X (Calculation of Incentive Fee) with a maximum amount that can be earned (the “Incentive Compensation Pool”). Section 3 of this document provides an updated view of the illustrative table provided in the OMA.

II. Performance Categories

~~To ensure that all performance goals~~The proposed Performance Metrics are met, ~~the Operator will be evaluated~~listed in Table 2-1. These are grouped in three major Performance Categories: ~~(i) in accordance with Annex IX of the OMA: Customer Satisfaction, (ii) Service; Technical, Safety and Regulatory; and (iii) Financial Performance.~~ Likewise, the Incentive Compensation Pool will be allocated across the Performance Categories ~~in such a way as to align the Operator’s~~LUMA’s incentive compensation with the performance goals.

Table 2.1. Summary of Performance Categories

Performance Category	Performance Goal	Allocation of Incentive Compensation Period
1. Customer Satisfaction	Achieve a high-level of customer satisfaction across all customer classes.	25%
2. Technical, Safety & Regulatory	Operate a safe, reliable electric grid while remaining complaint compliant with applicable safety, environmental and other regulations.	50%
3. Financial Performance	Meet the approved Operating Budget, Capital Budget—; Federally Funded and Capital Budget—; Non-Federally Funded.	25%

III. In Compliance with ~~Energy Bureau Regulation 9137, Docket NEPR-MI-2019-0014~~0014¹

A. For each Contract Year, the level of performance in each Performance Category shall be measured on actual results achieved for the Contract Year. Levels of performance and achievement of results will be adjusted proportionately during the initial Contract Year ~~commencing~~beginning on the Service Commencement Date and ending on the following June 30. For this purpose, one or more Performance Metrics shall be associated with each Performance Category.

B. For all Performance Categories ~~the Operator~~LUMA's performance shall be determined by the level of achievement of the Performance Objective for each Performance Metric under a Performance Category as described in Section ~~2.5 of this document~~. Such level of achievement will determine the portion of the allocated Incentive Compensation Pool earned by ~~the Operator~~LUMA as described in Annex X (Calculation of Incentive Fee).

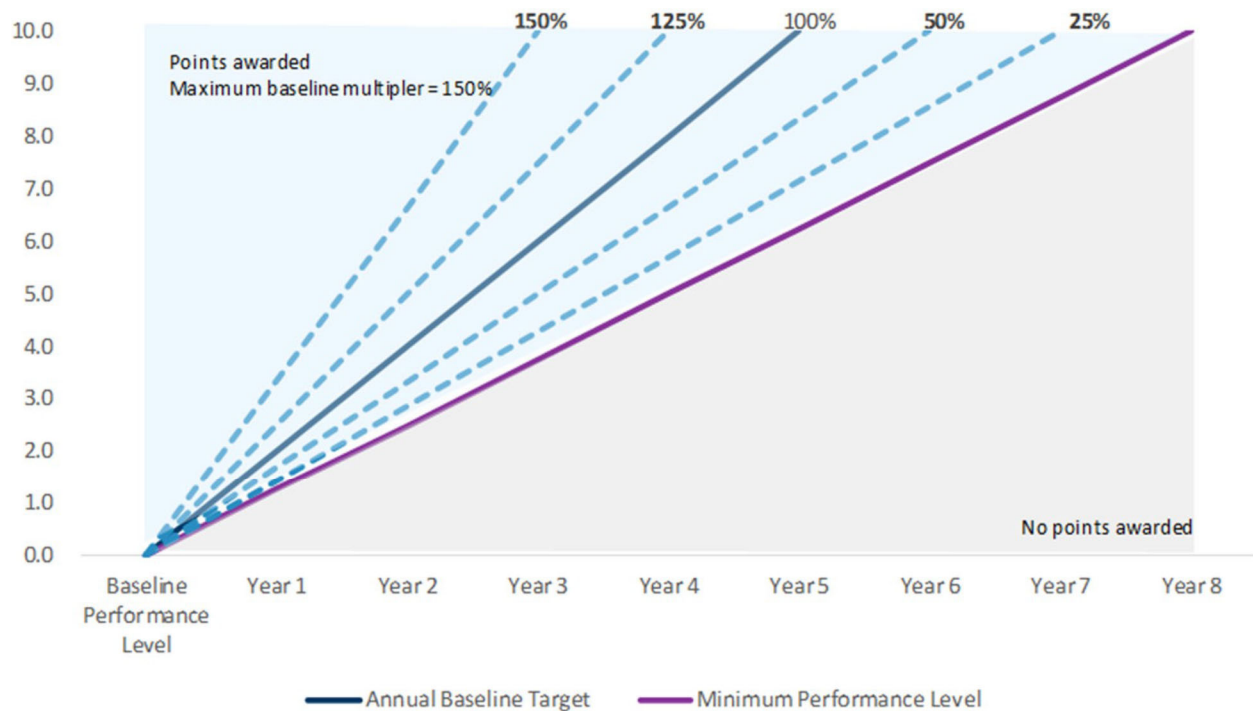
C. Each Performance Metric ~~will have~~ has an assigned point weighting (“Base Points”). For all Performance Metrics except for the ~~Binary~~ Metrics as described in Section ~~III(D)~~, below, a baseline performance

¹ PREB Regulation for Performance Incentive Mechanisms, Regulation 9137, approved on December 2, 2019 in matter number NEPR – MI – 2019 – 0014.

level ~~will be~~ has been established prior to the beginning of the first Contract Year (the “Baseline Performance Level”). The ~~proposed~~ Baseline Performance Level ~~will be~~ is based on either historical operating data confirmed during the Front-End Transition Period, performance during the Front-End Transition Period, or through independent analysis. The initial baseline levels ~~will be agreed upon~~ are proposed by ~~the Operator~~ LUMA then reviewed, modified and/or approved by PREB in the manner set forth in the main body of the ~~Agreement~~ OMA. The Baseline Performance Level sets the starting point for each metric relative to the target performance level to be achieved in the ~~fifth~~ third Contract Year (the “Target Performance Level”). The ~~baseline annual~~ target performance level for each performance metric over the initial ~~five~~ three-year period ~~is determined by a straight line between the Baseline Performance Level~~ following: first, consideration of data and process information gathered from PREPA about past performance, second, discovered during the Target Performance Level; first two months of LUMA operations, and third, the consideration of effort and practical resources required (including human capital, processes and IT systems) to achieve improvements in performance and consideration of available budgets. The annual Minimum Performance Level set for each Performance Metric establishes the value that must be exceeded to qualify for Base Points and is established as one level lower performance than the straight line between 25% level in the Baseline Performance Level and achieving the Target Performance Level in the tenth Contract Year. ~~Metric Schedule~~. In Contract Years where the Minimum Performance Level is exceeded, ~~the Operator~~ LUMA has the ability of earning 25%, 50%, 100%, 125% or 150% (the “Base Point Multipliers”) of the Base Points depending on the metric result relative to the established baseline for the Contract Year. That is, for a result between the Minimum Performance Level and the 25% tier, ~~the Operator~~ LUMA would receive points equal to 25% of the Base Points, ~~and~~ for a result between the 25% threshold and the 50% threshold, the Operator LUMA would receive points equal to 50% of the Base Points, etc. _____

D. Performance ranges for determination of Base Points earned shall be based on achieving performance improvement from the Baseline Performance Level to the Target Performance Level over the initial ~~five-year period~~ three-year period. They shall be aligned with principles beneficial to the public interest including going above and beyond the minimum required compliance level; positively impacting or addressing areas of unsatisfactory performance with a direct impact to the electric service user; and tied to difficult tasks rather than easy to fix areas.

Chart 1. Example of Performance Metric Mechanism



~~DE~~. Several Performance Metrics ~~are~~will be evaluated differently than the mechanism outlined above ~~either because there is a binary nature to the result or~~ because the baseline is independent year to year (the “Binary Metrics”)-Metric). For the Occupational Safety and Health Administration (“OSHA”) Fatalities-and OSHA Severe Injuries metrics, a value of zero results in full Base Points and a value other than zero results in no points. For the three approved budget-related metrics, Operating Budget, Capital Budget—; Federally Funded and Capital Budget—; Non-Federally Funded, exceeding 102% of the applicable ~~Budgetbudget~~ results in no points while spending less than or equal to 100% of the applicable ~~Budgetbudget~~ results in awarding full Base Points. The Operator can earn full Base Points by spending up to ~~102% of the budget, pending Administrator approval~~100% of the Budget, pending Administrator approval. As defined in Section 7.3(b) of the OMA, the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency Reserve Account, as they have specific requirements, do not contribute to this metric.

IV. Summary of Performance Metrics

The Performance Metrics that will form the basis for the Incentive Compensation Pool and their descriptions, baseline derivations, base points, and effective weights are summarized in Table 2. Details of these Performance Metrics are described in the text following Table 2.Table 2-2.

Table 2.-2. Summary of Performance Metrics

~~Note: Any Baseline Performance Level set using PREPA historical data will be subject to confirmation during the Front End Transition Period.~~

Performance Metric	Description	Baseline Performance Level Derivation	Base Points	Effective Weight
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A. Customer Satisfaction Service

1. J.D. Power Customer Satisfaction Survey (Residential Customers)	3rd party measure of customer satisfaction	Set during Front-End Transition Period Baseline has been set off initial survey. Reporting will begin in year 1	57.0	4%-5.83%
2. J.D. Power Customer Satisfaction Survey (Business Customers)	3rd party measure of customer satisfaction	Set during Front-End Transition Period Baseline has been set off initial survey. Reporting will begin in year 1	57.0	4%-5.83%
3. Average Speed of Answer (minutes) ¹	Time it takes on phone to reach an agent The average wait time from the moment the customer enters the Automated Call Distribution (ACD) queue to the time the call is answered by an agent	PREPA historical data verified during Front-End Transition Period Based on past PREPA performance and LUMA experience	57.0	4%-5.83%
4. Customer Complaint Rate	Total monthly annual complaints registered with PREB (NEPR-QR) per 100,000 customers	PREPA historical data verified during Front-End Transition Period Based on the total number of complaints received by the PREB (NEPR-QR) from May 2019 to February 2020, annualized, as the baseline as it is the most normal period of operations for PREPA in the last 4 years	52.0	4%-1.67%
5. First Call Resolution ⁴ Abandonment Rate ¹	% of calls with issues that are escalated The percentage of callers who hang up (abandon) while the call is still in the ACD queue	Set during Front-End Transition Period Based on past PREPA performance and LUMA experience	57.0	4%-5.83%
6. Abandonment Rate A. Customer Service²			# of abandoned calls per calls received 30.0	525.0 %

B. Technical, Safety & Regulatory

1. OSHA Recordable Incident Rate	# Total number of OSHA recordable incidents as a result of work-related OSHA recordable injury cases	Evaluation of PREPA historical data verified during Front-End Transition Period	5.0	6%-5.56%
2. OSHA Fatalities ¹	# of All work-related fatalities	Industry standard specified herein Evaluation of PREPA historical data	5.0	6%-5.56%
3. OSHA Severe Injuries ⁴ Severity Rate ^{1,4}	# Total number of total restricted and lost-time days incurred as a result of a work-related injury cases with severity days	Set during the Front-End Transition Period Evaluation of PREPA historical data	5.0	6%-5.56%
4. OSHA DART Rate	# of work-related injury cases incidents resulting in Total number of OSHA recordable cases with lost-time days (away, restricted or transferred)	Set during Front-End Transition Period Evaluation of PREPA historical data	5.0	6%-5.56%
5. System Average Interruption Frequency Index (SAIFI) ¹	Measures avg. outage frequency Indicates how often the average customer experiences a sustained interruption over a predefined period of time. ³	Calculated from PREPA historical data verified during the Front-End Transition Period	5.0	65.56%

Performance Metric	Description	Baseline Performance Level Derivation	Base Points	Effective Weight
6. Customer Average Interruption Duration Index (CAIDI)⁴	Measures avg. restoration time	PREPA historical data verified during Front-End Transition Period	5.0	6%
7.6. System Average Interruption Duration Index (SAIDI)¹	Indicates the total duration of interruption for the average customer during a predefined period of time ³	Calculated from PREPA historical data during the Front-End Transition Period	5.0	5.56%
<u>7. Distribution Line Inspections & Targeted Corrections¹</u>	<u>The number of distribution line inspections completed, with data recorded in a database for analysis. Inspections of all 13.2 kV, 8.3 kV and 4.16 kV mainline, 3 phase, overhead circuits to assess the physical integrity of the poles, structures, components and equipment to be completed. LUMA will identify serious safety issues to either the public or workers, which will result in immediate priorities for the remediation process. Category 0 and Category 1 findings shall be incorporated in a plan to address within 60 days of identification.</u>	<u>Not applicable. PREPA has not been performing routine inspections.</u>	<u>5.0</u>	<u>5.56%</u>
<u>8. Transmission Line Inspections & Targeted Corrections</u>	<u>The number of transmission line inspections completed, with data recorded in a database for analysis. Inspections of all 230 kV, 115 kV and 38 kV transmission circuits to assess the physical integrity of the poles, structures, components and equipment to be completed. LUMA will identify serious safety issues to either the public or workers, which will result in immediate priorities for the remediation process. Category 0 and Category 1 findings shall be incorporated in a plan to address within 60 days of identification.</u>	<u>Not applicable. PREPA has not been performing routine inspections.</u>	<u>5.0</u>	<u>5.56%</u>
<u>9. T&D Substation Inspections & Targeted Corrections</u>	<u>The number of distribution and transmission substation inspections completed with data recorded in a database for analysis. Inspections of all distribution and transmission substations to assess the physical integrity of the substation structures, components and equipment to be completed. LUMA will identify serious safety issues to either the public or workers, which will result in immediate priorities for the remediation process. Category 0 and Category 1 findings shall be incorporated in a plan to address within 60 days of identification.</u>	<u>Not applicable. PREPA has not been performing routine inspections.</u>	<u>5.0</u>	<u>5.56%</u>
B. Technical, Safety & Regulatory			45.0	50.0%

Performance Metric	Description	Baseline Performance Level Derivation	Base Points	Effective Weight
C. Financial Performance				
<u>1. Operating Budget¹</u>	<u>Measures ability to stay within budget</u>	<u>Budget approved by PREB</u>	<u>7.5</u>	<u>5.68%</u>
<u>2. Capital Budget: Federally Funded¹</u>	<u>Measures ability to stay within budget</u>	<u>Budget approved by PREB</u>	<u>7.5</u>	<u>5.68%</u>
<u>3. Capital Budget: Non-Federally Funded¹</u>	<u>Measures ability to stay within budget</u>	<u>Budget approved by PREB</u>	<u>7.5</u>	<u>5.68%</u>
<u>4a) Days Sales Outstanding: General Customers</u>	<u>Measures ability to collect bills from general customers</u>	<u>Based on analysis of data over the last 36 months and consideration of impact of external factors such as Hurricane Maria and the COVID cut-off moratorium, the timeframe of May 2019 – February 2020 represents the most current stable and unimpaired period of collections activity for general customers</u>	<u>4.0</u>	<u>3.03%</u>
<u>4b) Days Sales Outstanding: Government Customers</u>	<u>Measures ability to collect bills from government customers</u>	<u>PREPA historical data from the timeframe of January – July 2020 is the most appropriate period for establishing a Government DSO baseline</u>	<u>1.5</u>	<u>1.14%</u>
<u>5. Overtime</u>	<u>Measures ability to manage overtime costs</u>	<u>23% of Total Base Compensation for Non-Exempt Employees based on PREPA historical data</u>	<u>5</u>	<u>3.79%</u>
C. Financial Performance⁵			33.0	25.0%

¹ These Performance Metrics are also Key Performance Metrics (as defined in Section 2.6 LUMA Event of Default and in the OMA Section 14.1 (k)).

V. Performance Metrics

~~A. Customer²²~~ Note that the Base Points for the individual Customer Service Performance Metrics vary from those in OMA Annex IX. The base points for Customer Complaint Rate were reduced and the ones for the other Customer Service metrics were increased. This modification recognizes the uncertainty of the data for historical customer complaints registered with PREB. PREPA does not currently review complaints with PREB and consequently there is no information on what portion of total complaints are justifiable. The total Customer Service Base Points shown remains the same as in the OMA Annex IX.

³ These descriptions are from the IEEE Guide for Electric Power Distribution Reliability Indices, IEEE Std. 1366™-2012.

⁴ As part of this revision to OMA Annex IX, use of the term Severe Injuries, which is not an OSHA metric, has been replaced, as appropriate, with the consistent use of the term Severity Rate herein, which is an OSHA metric.

⁵ Note that the Base Points for the individual Financial Performance Metrics vary from those in OMA Annex IX. The Days Sales Outstanding Performance Metric has been bifurcated and the Reduction in Network Line Losses Performance Metric has been deferred. The total Financial Performance base points shown is 33 instead of the 38 in the OMA Annex IX and as a result the effective weightings are slightly higher for each of the individual finance metrics. The total effective weight for the sum of the Financial Performance Metrics remains the same as in the OMA Annex IX.

V. Performance Metrics

Table 2-3 below summarizes baseline performance levels and annual targets for the Performance Metrics, with related details following the table.

²² ~~A customer is a metered electrical service point for which an active bill account is established at a specific location, per IEEE 1366-2012.~~

Table 2-3. Summary of Performance Metrics Baselines and Annual Targets

-	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
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A. Customer Service

1. J.D. Power Customer Satisfaction Survey (Residential Customers)

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>398</u>						
<u>Year 1</u>	<u>427</u>	<u>398</u>	<u>450</u>	<u>439</u>	<u>427</u>	<u>415</u>	<u>405</u>
<u>Year 2</u>	<u>455</u>	<u>427</u>	<u>480</u>	<u>468</u>	<u>455</u>	<u>440</u>	<u>430</u>
<u>Year 3</u>	<u>484</u>	<u>455</u>	<u>500</u>	<u>492</u>	<u>484</u>	<u>470</u>	<u>460</u>

2. J.D. Power Customer Satisfaction Survey (Business Customers)

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>345</u>						
<u>Year 1</u>	<u>380</u>	<u>345</u>	<u>415</u>	<u>400</u>	<u>380</u>	<u>370</u>	<u>355</u>
<u>Year 2</u>	<u>414</u>	<u>380</u>	<u>450</u>	<u>432</u>	<u>414</u>	<u>400</u>	<u>390</u>
<u>Year 3</u>	<u>449</u>	<u>414</u>	<u>475</u>	<u>462</u>	<u>449</u>	<u>435</u>	<u>425</u>

3. Average Speed of Answer (minutes)¹

<u>PREB Order</u>	<u>8.3</u>						
<u>Baseline</u>	<u>10.0</u>						
<u>Year 1</u>	<u>9.0</u>	<u>9.7</u>	<u>4.5</u>	<u>6.8</u>	<u>9.0</u>	<u>9.3</u>	<u>9.6</u>
<u>Year 2</u>	<u>6.4</u>	<u>7.1</u>	<u>3.2</u>	<u>4.8</u>	<u>6.4</u>	<u>6.7</u>	<u>7.0</u>
<u>Year 3</u>	<u>5.8</u>	<u>6.4</u>	<u>2.9</u>	<u>4.4</u>	<u>5.8</u>	<u>6.1</u>	<u>6.3</u>

4. Customer Complaint Rate

<u>PREB Order</u>	<u>841</u>						
<u>Baseline</u>	<u>11.10</u>						
<u>Year 1</u>	<u>10.80</u>	<u>11.55</u>	<u>10.30</u>	<u>10.55</u>	<u>10.80</u>	<u>11.05</u>	<u>11.30</u>
<u>Year 2</u>	<u>10.60</u>	<u>11.35</u>	<u>10.1</u>	<u>10.35</u>	<u>10.60</u>	<u>10.85</u>	<u>11.10</u>
<u>Year 3</u>	<u>10.10</u>	<u>10.85</u>	<u>9.60</u>	<u>9.85</u>	<u>10.10</u>	<u>10.35</u>	<u>10.60</u>

5. Abandonment Rate¹

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>50.0%</u>						
<u>Year 1</u>	<u>40.0%</u>	<u>45.0%</u>	<u>20.0%</u>	<u>30.0%</u>	<u>40.0%</u>	<u>41.0%</u>	<u>42.0%</u>
<u>Year 2</u>	<u>32.0%</u>	<u>35.0%</u>	<u>16.0%</u>	<u>24.0%</u>	<u>32.0%</u>	<u>33.0%</u>	<u>34.0%</u>
<u>Year 3</u>	<u>29.0%</u>	<u>34.0%</u>	<u>14.5%</u>	<u>22.0%</u>	<u>29.0%</u>	<u>31.0%</u>	<u>33.0%</u>

B. Technical, Safety & Regulatory

1. OSHA Recordable Incident Rate

<u>PREB Order</u>	<u>6.9</u>						
<u>Baseline</u>	<u>8.75</u>						
<u>Year 1</u>	<u>6.56</u>	<u>7.88</u>	<u>5.68</u>	<u>6.12</u>	<u>6.56</u>	<u>7.00</u>	<u>7.44</u>
<u>Year 2</u>	<u>5.25</u>	<u>7.25</u>	<u>3.99</u>	<u>4.59</u>	<u>5.25</u>	<u>5.95</u>	<u>6.69</u>
<u>Year 3</u>	<u>4.20</u>	<u>6.67</u>	<u>2.79</u>	<u>3.45</u>	<u>4.20</u>	<u>5.06</u>	<u>6.02</u>

2. OSHA Fatalities¹

<u>PREB Order</u>	<u>0</u>						
<u>Baseline</u>	<u>0</u>						
<u>Year 1</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 3</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>

3. OSHA Severity Rate¹

<u>PREB Order</u>	<u>31.00</u>						
<u>Baseline</u>	<u>58.03</u>						
<u>Year 1</u>	<u>49.32</u>	<u>53.38</u>	<u>43.52</u>	<u>46.42</u>	<u>49.32</u>	<u>52.23</u>	<u>53.38</u>
<u>Year 2</u>	<u>41.92</u>	<u>49.12</u>	<u>32.64</u>	<u>37.14</u>	<u>41.92</u>	<u>44.39</u>	<u>48.05</u>
<u>Year 3</u>	<u>35.64</u>	<u>45.19</u>	<u>24.48</u>	<u>29.71</u>	<u>35.64</u>	<u>37.74</u>	<u>43.25</u>

4. OSHA DART Rate

<u>PREB Order</u>	<u>4.80</u>						
<u>Baseline</u>	<u>6.85</u>						
<u>Year 1</u>	<u>5.14</u>	<u>6.17</u>	<u>4.45</u>	<u>4.80</u>	<u>5.13</u>	<u>5.48</u>	<u>5.82</u>
<u>Year 2</u>	<u>4.11</u>	<u>5.67</u>	<u>3.12</u>	<u>3.60</u>	<u>4.11</u>	<u>4.66</u>	<u>5.24</u>
<u>Year 3</u>	<u>3.29</u>	<u>5.22</u>	<u>2.18</u>	<u>2.7</u>	<u>3.29</u>	<u>3.96</u>	<u>4.72</u>

5. System Average Interruption Frequency Index (SAIFI)^{1,2}

<u>PREB Order</u>	<u>10.6</u>						
<u>Baseline</u>	<u>10.6</u>						
<u>Year 1</u>	<u>9.8</u>	<u>10.4</u>	<u>8.2</u>	<u>8.9</u>	<u>9.8</u>	<u>10.0</u>	<u>10.2</u>
<u>Year 2</u>	<u>8.5</u>	<u>10.1</u>	<u>6.8</u>	<u>7.5</u>	<u>8.5</u>	<u>8.9</u>	<u>9.5</u>
<u>Year 3</u>	<u>7.4</u>	<u>9.8</u>	<u>5.8</u>	<u>6.6</u>	<u>7.4</u>	<u>8.2</u>	<u>9.0</u>

6. System Average Interruption Duration Index (SAIDI)^{1,2}

<u>PREB Order</u>	<u>1,243</u>						
<u>Baseline</u>	<u>1,243</u>						
<u>Year 1</u>	<u>1,119</u>	<u>1,212</u>	<u>870</u>	<u>994</u>	<u>1,119</u>	<u>1,150</u>	<u>1,181</u>
<u>Year 2</u>	<u>932</u>	<u>1,155</u>	<u>684</u>	<u>808</u>	<u>932</u>	<u>1,007</u>	<u>1,081</u>
<u>Year 3</u>	<u>746</u>	<u>1,118</u>	<u>497</u>	<u>622</u>	<u>746</u>	<u>870</u>	<u>994</u>

7. Distribution Line Inspections & Targeted Corrections¹

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>N/A</u>						
<u>Year 1</u>	<u>106</u>	<u>16</u>	<u>159</u>	<u>133</u>	<u>106</u>	<u>53</u>	<u>27</u>
<u>Year 2</u>	<u>370</u>	<u>56</u>	<u>555</u>	<u>463</u>	<u>370</u>	<u>185</u>	<u>93</u>
<u>Year 3</u>	<u>687</u>	<u>103</u>	<u>1,031</u>	<u>859</u>	<u>687</u>	<u>344</u>	<u>172</u>

8. Transmission Line Inspections & Targeted Corrections

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>N/A</u>						
<u>Year 1</u>	<u>26</u>	<u>4</u>	<u>39</u>	<u>33</u>	<u>26</u>	<u>13</u>	<u>7</u>
<u>Year 2</u>	<u>91</u>	<u>14</u>	<u>137</u>	<u>114</u>	<u>91</u>	<u>46</u>	<u>23</u>
<u>Year 3</u>	<u>169</u>	<u>25</u>	<u>254</u>	<u>211</u>	<u>169</u>	<u>85</u>	<u>43</u>

9. T&D Substation Inspections & Targeted Corrections

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>N/A</u>						
<u>Year 1</u>	<u>39</u>	<u>6</u>	<u>59</u>	<u>49</u>	<u>39</u>	<u>20</u>	<u>10</u>
<u>Year 2</u>	<u>137</u>	<u>21</u>	<u>206</u>	<u>171</u>	<u>137</u>	<u>69</u>	<u>34</u>
<u>Year 3</u>	<u>255</u>	<u>38</u>	<u>383</u>	<u>319</u>	<u>255</u>	<u>128</u>	<u>64</u>

C. Financial Performance

1. Operating Budget¹

<u>PREB Order</u>	<u>80.4%</u>						
<u>Baseline</u>	<u>100% of Operating Budget</u>						
<u>Year 1</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 3</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>

2. Capital Budget: Federally Funded¹

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>N/A</u>						
<u>Year 1</u>	<u>100% of FY22 Approved Capital Spend</u>	<u>100% of FY22 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u>100% of FY23 Approved Capital Spend</u>	<u>100% of FY23 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>

<u>Year 3</u>	<u>100% of FY24 Approved Capital Spend</u>	<u>100% of FY24 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
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3. Capital Budget: Non-Federally Funded¹

<u>PREB Order</u>	<u>6.6%</u>						
<u>Baseline</u>	<u>100% of Capital Budget: Non-Federally Funded Approved for Fiscal 2022</u>						
<u>Year 1</u>	<u><100% of FY22 Approved Capital Spend</u>	<u>100% of FY22 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u><100% of FY23 Approved Capital Spend</u>	<u>100% of FY23 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 3</u>	<u><100% of FY24 Approved Capital Spend</u>	<u>100% of FY24 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>

4a) Days Sales Outstanding: General Customers

<u>PREB Order</u>	<u>132</u>						
<u>Baseline</u>	<u>131</u>						
<u>Year 1</u>	<u>128</u>	<u>148</u>	<u>119</u>	<u>122</u>	<u>128</u>	<u>135</u>	<u>138</u>
<u>Year 2</u>	<u>126</u>	<u>145</u>	<u>116</u>	<u>120</u>	<u>126</u>	<u>132</u>	<u>135</u>
<u>Year 3</u>	<u>123</u>	<u>142</u>	<u>114</u>	<u>117</u>	<u>123</u>	<u>129</u>	<u>132</u>

4b) Days Sales Outstanding: Government Customers

<u>PREB Order</u>	<u>619</u>						
<u>Baseline</u>	<u>754</u>						
<u>Year 1</u>	<u>739</u>	<u>850</u>	<u>684</u>	<u>702</u>	<u>739</u>	<u>776</u>	<u>794</u>
<u>Year 2</u>	<u>724</u>	<u>833</u>	<u>670</u>	<u>688</u>	<u>724</u>	<u>760</u>	<u>778</u>
<u>Year 3</u>	<u>709</u>	<u>815</u>	<u>656</u>	<u>674</u>	<u>709</u>	<u>745</u>	<u>762</u>

5. Overtime

<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>23% of Total Base Compensation for Non-Exempt Employees</u>						
<u>Year 1</u>	<u>20% of Total Non-Exempt Base Compensation</u>	<u>23% of Total Non-Exempt Base Compensation</u>	<u>Less than or Equal to 18%</u>	<u>19%</u>	<u>20%</u>	<u>21%</u>	<u>22%</u>
<u>Year 2</u>	<u>19% of Total Non-Exempt Base Compensation³</u>	<u>22% of Total Non-Exempt Base Compensation</u>	<u>Less than or Equal to 17%</u>	<u>18%</u>	<u>19%</u>	<u>20%</u>	<u>21%</u>
<u>Year 3</u>	<u>18% of Total Non-Exempt Base Compensation</u>	<u>21% of Total Non-Exempt Base Compensation</u>	<u>Less than or Equal to 16%</u>	<u>17%</u>	<u>18%</u>	<u>19%</u>	<u>20%</u>

¹ These Performance Metrics are also Key Performance Metrics (as defined in the Revised Annex IX Performance Metrics Section 4.6 LUMA Event of Default and in the OMA Section 14.1 (k).

² These metrics are based on the IEEE Guide for Electric Power Distribution Reliability Indices, IEEE Std. 1366-2012 and baselined by annualizing the 2020 performance through August 2020 (dataset provided covered the period of January 2020 through August 2020) to account for 2020 degraded performance over 2019.

³ A 1% Metric Improvement Target can equate to a 22% Cost Improvement. See Sample Overtime Savings Calculation below.

A. Customer Satisfaction

1. J.D. Power Customer Satisfaction Survey (Residential Customers)

Performance Objective: To incentivize sufficient customer service.

Description: ~~The metric measures Third-party~~ customer ~~satisfaction through a third-party~~ survey ~~that~~.

Calculation: The J.D. Power Customer Satisfaction metric examines six ~~(6)~~ factors ~~(~~ power quality and reliability, price, billing and payment, corporate citizenship, communications, and customer service). ~~The Baseline Performance Level. Customer Satisfaction will be set during the Front End Transition Period. The Target Performance Level has been set as the “South Large Utility” average, as defined measured by J.D. Power, following up with surveys in four phases per year for residential, and in two phases per year for commercial. Initial survey was completed and a baseline was set prior to commencement with reporting beginning in FY 2022.~~

~~Points Assigned: 5~~

~~Baseline Performance Level: TBD.~~

~~Target Performance Level: Table 2.-4. J.D. Power~~ Customer Satisfaction Survey (Residential Score of 714. Customers)

~~Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.~~

~~Calculation: Third party survey that examines six (6) factors (power quality and reliability, price, billing and payment, corporate citizenship, communications and customer service).~~

Metric Schedule:

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 1	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 2	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 3	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 5	714	TBD	TBD	TBD	714	TBD	TBD
<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>398</u>						
<u>Year 1</u>	<u>427</u>	<u>398</u>	<u>450</u>	<u>439</u>	<u>427</u>	<u>415</u>	<u>405</u>
<u>Year 2</u>	<u>455</u>	<u>427</u>	<u>480</u>	<u>468</u>	<u>455</u>	<u>440</u>	<u>430</u>
<u>Year 3</u>	<u>484</u>	<u>455</u>	<u>500</u>	<u>492</u>	<u>484</u>	<u>470</u>	<u>460</u>

2. J.D. Power Customer Satisfaction Survey (Business Customers)

Performance Objective: To incentivize sufficient customer service.

Description: ~~The metric measures Third party~~ customer ~~satisfaction through third party~~ survey ~~that~~.

Calculation: The J.D. Power Customer Satisfaction metric examines six (6) factors (power quality and reliability, price, billing and payment, corporate citizenship, communications and customer service). The Baseline Performance Level will be set during the Front End Transition Period. The Target Performance Level has been set as the “South Large Utility” average. Customer Satisfaction will be measured by following up with surveys in four phases per year for residential, and in two phases per year for commercial. Initial survey was completed and a baseline was set prior to commencement with reporting beginning in FY2022.

Points Assigned: 5

Baseline Performance Level: TBD.

Target Performance Level: Table 2-5. J.D. Power Customer Satisfaction Survey (Business Score of 760. Customers)

Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: Third party survey that examines six factors (power quality and reliability, price, billing and payment, corporate citizenship, communications and customer service).

Metric Schedule

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>TBD-345</u>						
<u>Year 1</u>	<u>TBD-380</u>	<u>TBD-345</u>	<u>TBD-415</u>	<u>TBD-400</u>	<u>TBD-380</u>	<u>TBD-370</u>	<u>TBD-355</u>
<u>Year 2</u>	<u>TBD-414</u>	<u>TBD-380</u>	<u>TBD-450</u>	<u>TBD-432</u>	<u>TBD-414</u>	<u>TBD-400</u>	<u>TBD-390</u>
<u>Year 3</u>	<u>TBD-449</u>	<u>TBD-414</u>	<u>TBD-475</u>	<u>TBD-462</u>	<u>TBD-449</u>	<u>TBD-435</u>	<u>TBD-425</u>
<u>Year 4</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>
<u>Year 5</u>	<u>760</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>760</u>	<u>TBD</u>	<u>TBD</u>

3. Average Speed of Answer (minutes)

Performance Objective: To incentivize efficient call center service.

Description: The Average Speed of Answer (ASA) metric measures the average speed of answer wait time from the moment the customer enters the queue to the time the call is answered by an agent.

Calculation: Total Automatic Call Distributor (ACD) wait seconds / total answered calls.

An ACD is a combination of those customers who have their question or issue resolved via the automated Integrated telephony system that automatically distributes incoming phone calls to available agents, based on data entered by the caller into an Interactive Voice Response system (“IVR”) and those customers who opt out of the IVR skills-based routing, using skills associated with agents.

LUMA's baseline data derives from FY2019 – March 2020. When assessing whether to use FY2019 or FY2020 data, we determined that the FY2020 does not support a reliable baseline for the following reasons:

- Current data is only available for a period of 6 months
- Reported ASA varies significantly from month to month due to COVID and wait to speak with a customer. The Baseline Performance Level has been set using PREPA historical data subject to confirmation during the Front-End Transition Period, onboarding new outsource vendors

Points Assigned: 5

- Baseline Performance Level: There is a lack of visibility into three separate call routing systems and overflow which prevents LUMA from accurately calculating baseline ASA

Table 2.6. Average Speed of 10.0 Answer (minutes, Target Performance Level: Average of 1.0 minutes.)

Minimum Performance Level: Set as a straight-line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: Average number of minutes from when the customer goes through the integrated voice response system until reaching an agent.

Metric Schedule

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	<u>8.3</u>						
<u>Baseline</u>	<u>10.0</u>						
<u>Year 1</u>	<u>10.0</u>	<u>10.0</u>	<u>N/A</u>	<u>N/A</u>	<u>10.0</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 21</u>	<u>8.5-9.0</u>	<u>9.1-7</u>	<u>4.0-5</u>	<u>6.3-8</u>	<u>8.5-9.0</u>	<u>8.8-9.3</u>	<u>9.0-6</u>
<u>Year 3</u>	<u>7.5</u>	<u>8.2</u>	<u>2.5</u>	<u>5.0</u>	<u>7.5</u>	<u>7.8</u>	<u>8.0</u>
<u>Year 42</u>	<u>5.0-6.4</u>	<u>7.3-1</u>	<u>1.0-3.2</u>	<u>3.0-4.8</u>	<u>5.0-6.4</u>	<u>6.0-7</u>	<u>7.0</u>
<u>Year 53</u>	<u>2.5-8</u>	<u>6.4</u>	<u>0.5-2.9</u>	<u>1.5-4.4</u>	<u>2.5-8</u>	<u>4.3-6.1</u>	<u>6.0-3</u>

4. Customer PREB Complaint Rate

Performance Objective: To incentivize effective customer service.

Description: This metric measures the total number of initial customer complaints registered with the Puerto Rico Energy Bureau ("PREB") under an NEPR-QR docket. The Baseline Performance Level will be was set based on PREPA historical data subject to confirmation during the Front-End Transition Period.

Points Assigned: 5

Baseline Performance Level: 11.3% complaint rate. Target Performance Level: 2.5% complaint rate.

Minimum Performance Level: Set as a straight-line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5. Calculation: The annual value is calculated by taking the total number of initial complaints divided by the total utility customer population and then multiplying by 100,000.

Calculation: The monthly value is calculated by taking the total number of initial complaints divided by the total utility customer population and then multiplying by 100,000.

Metric Schedule

LUMA's baseline was calculated from FY2019 – March 2020 data. Upon further investigation, LUMA determined that FY2020 does not support a reliable baseline due to:

- Current data is not available
- The lack of visibility into response rate prevents us from accurately calculating baseline service level

Table 2-7. Customer Complaint Rate

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	<u>841</u>						
<u>Baseline</u>	<u>11.3%10</u>						
<u>Year 1</u>	<u>11.3%10.80</u>	<u>11.3%55</u>	<u>N/A10.30</u>	<u>N/A10.55</u>	<u>11.3%10.80</u>	<u>N/A11.05</u>	<u>N/A11.30</u>
<u>Year 2</u>	<u>10.7%60</u>	<u>10.4%11.35</u>	<u>5.0%10.10</u>	<u>7.8%10.35</u>	<u>10.7%60</u>	<u>10.3%85</u>	<u>11.10.0%</u>
<u>Year 3</u>	<u>10.0%10</u>	<u>9.5%10.85</u>	<u>4.0%9.60</u>	<u>7.0%9.85</u>	<u>10.0%10</u>	<u>9.5%10.35</u>	<u>9.0%10.60</u>
<u>Year 4</u>	<u>7.5%</u>	<u>8.7%</u>	<u>3.0%</u>	<u>5.3%</u>	<u>7.5%</u>	<u>7.8%</u>	<u>8.0%</u>
<u>Year 5</u>	<u>5.0%</u>	<u>7.8%</u>	<u>2.0%</u>	<u>3.5%</u>	<u>5.0%</u>	<u>6.0%</u>	<u>7.0%</u>

Note that the Minimum Performance Level in the early years are worse than the baseline to account for the possible scenario of a temporary increase in customer complaints due to the strong possibility of bill consumption actually increasing as metering, meter data, and billing accuracy improves (meters typically under register when not working properly).

5. FIRST CALL RESOLUTION/ABANDONMENT RATE

-Performance Objective: To incentivize efficient call center service.

Description: This metric is a measure of efficiency of the call center. It also impacts customer satisfaction because the customer will notice a difference in how they are treated while on the call and the company's willingness to address their questions/concerns quickly and without escalation. The Baseline Performance Level will be set during the Front End Transition Period.

Points Assigned: 5

Baseline Performance Level: To be determined ("TBD"). Target Performance Level: 15% first calls resolved.

Minimum Performance Level: Set as a straight-line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: The metric is calculated as the percentage of calls with issues that are escalated.

Metric Schedule:

Description: The Abandonment Rate (ABD) metric measures the percentage of callers who hang up (abandon) while the call is still in the Automated Call Distribution (ACD) queue.

Calculation: Total calls that abandoned in queue / total calls offered to the queue.

LUMA's baseline was calculated using FY2019 to March 2020 data. Upon further analysis, LUMA determined that using FY2020 data would not support a reliable baseline due to the following:

- Current data is only available for a period of 6 months
- Reported ABD varies significantly from month to month due to COVID and onboarding new outsource vendors
- There is a lack of visibility into three separate call routing systems and overflow presents us from accurately calculating baseline ABD

Table 2-8. Abandonment Rate

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	N/A						
Baseline	TBD 50.0%						
Year 1	TBD 40.0%	TBD 45.0%	TBD 20.0%	TBD 30.0%	TBD 40.0%	TBD 41.0%	TBD 42.0%
Year 2	TBD 32.0%	TBD 35.0%	TBD 16.0%	TBD 24.0%	TBD 32.0%	TBD 33.0%	TBD 34.0%
Year 3	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 5	1529.0%	TBD 34.0%	TBD 14.5%	TBD 22.0%	1529.0%	TBD 31.0%	TBD 33.0%

6. Abandonment Rate

Performance Objective: To incentivize efficient call center service.

Description: Abandoned calls occur when customers waiting for service on the phone, after opting to speak with a person, hang up before receiving service. The Baseline Performance Level has been set using PREPA historical data and the S&L report. The Target Performance Level has been set using the S&L report recommendations.

Points Assigned: 5

Baseline Performance Level: 50% calls abandoned. Target Performance Level: 25% calls abandoned.

Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: The metric is calculated as abandoned calls divided by calls received.

Metric Schedule

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	50.0%	50.0%	N/A	N/A	50.0%	N/A	N/A
Year 1	50.0%	50.0%	N/A	N/A	50.0%	N/A	N/A

Year 2	45.0%	47.5%	25.0%	35.0%	45.0%	46.0%	47.0%
Year 3	40.0%	45.0%	20.0%	30.0%	40.0%	42.0%	44.0%
Year 4	35.0%	42.5%	15.0%	25.0%	35.0%	37.5%	40.0%
Year 5	30.0%	40.0%	12.5%	21.3%	30.0%	33.8%	37.5%

B. Technical, Safety & Regulatory

The System Reliability Technical Performance Metrics will be measured and calculated in accordance with IEEE 1366-2012, including the terms as defined therein. The calculation of Technical Performance Metrics excludes (i) interruptions associated with Outage Event days using the IEEE 2.5 Beta Method, (ii) planned interruptions and (iii) interruptions caused by generation events.

Regarding Metrics 1, 3, and 4 below:

LUMA analyzed the benchmarks in the PREB Order and determined that the PREB Order does not adequately represent recent results for the following reasons:

- The PREB order is based on PREPA submissions to quarterly performance metrics filings. The quarterly performance metrics are an aggregation of data related to transmission, distribution, and generation activities and are not representative of LUMA's activities (only transmission and distribution).
- Beginning in January 2020, PREPA began excluding certain incidents from the OSHA recordable incident register and instead included them in an internal report known as 'Casi-Casi.' According to the information provided by PREPA to LUMA, several of the incidents on the 'Casi-Casi' report resulted in days away from work or medical treatment beyond first aid. LUMA was unable to receive confirmation from PREPA as to why these incidents were excluded from the OSHA recordable incident register.

By excluding the 'Casi-Casi' incidents and including generation operations, all Technical, Safety & Regulatory benchmarks in the PREB Order decreased significantly (from between 19-31%). Excluding incidents from generation operations and including the 'Casi-Casi' results in no changes to significant increases in the benchmarks (from 0 to +15%). As a result, LUMA's proposes to maintain FY2021 benchmarks with adjustments to exclude incidents from generation operations and to include relevant 'Casi-Casi' incidents in accordance with industry practice and OSHA guidelines. LUMA proposed benchmarks and targets are included in the tables below.

1. OSHA Recordable Incident Rate ("OSHA IR")³

Performance Objective: To incentivize employee safety.

Description: OSHA requires Recordable Incident Rate be reported to OSHA on a yearly basis. An OSHA recordable incident is a work-related injury or illness that results in one of more of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, or a significant injury or illness diagnosed by a physician or other licensed health care professional. The Baseline Performance Level baseline performance level has been set using PREPA historical data subject to confirmation during the Front-End Transition Period. in addition to an internal report named Casi Casi.

Points Assigned: 5

Baseline Performance Level: OSHA IR of 11.3. Target Performance Level: OSHA IR of 6.28.

³ As defined by OSHA.

~~Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.~~

Calculation: The metric is calculated as the total number of recordable incident cases over a set time period multiplied by ~~the~~ OSHA scaling factor⁴ and divided by the total number of labor hours the company recorded during that time period ~~(OSHA uses 200,00 as a scaling factor, which equates to one hundred (100) employees working forty (40) hours per week, fifty (50) weeks of the year).~~

Metric Schedule

Table 2-9. OSHA Recordable Incident Rate

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	6.9						
Baseline	11.30-8.75						
Year 1	10.68-6.56	10.80-7.88	7.00-5.68	8.84-6.12	10.68-6.56	10.59-7.00	10.50-7.44
Year 2	10.05	10.30	6.00	8.03	10.05	10.03	10.00
Year 3	8.79	9.79	5.00	6.90	8.79	9.15	9.50
Year 4	7.34-5.25	9.29-7.25	4.00-3.99	5.67-4.59	7.34-5.25	8.04-5.95	8.75-6.69
Year 5	6.28-4.20	8.79-6.67	3.00-2.79	4.64-3.45	6.28-4.20	7.14-5.06	8.00-6.02

2. OSHA Fatalities⁵

Performance Objective: To incentivize employee safety.

Description: OSHA requires all work-related fatalities be reported to OSHA within eight (8) hours. The industry standard target is 0 fatalities, which has determined the Baseline and Target Performance Levels.

~~Points Assigned: 5~~

~~Baseline Performance Level: 0 fatalities. Target Performance Level: 0 fatalities.~~

~~Minimum Performance Level: 0 fatalities~~

Calculation: This metric measures the number of OSHA-reportable fatalities (i.e., employee fatalities that occur on the job within OSHA jurisdictions).

Metrics

Table 2-10. OSHA Fatalities

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
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⁴ The OSHA scaling factor is 200,000 and equates to equates to one hundred (100) employees working forty (40) hours per week, fifty (50) weeks of the year).

⁵ As defined by OSHA.

PREB Order	0						
Baseline	0						
Year 1	0	0	N/A	N/A	0	N/A	N/A
Year 2	0	0	N/A	N/A	0	N/A	N/A
Year 3	0	0	N/A	N/A	0	N/A	N/A
Year 4	0	0	N/A	N/A	0	N/A	N/A
Year 5	0	0	N/A	N/A	0	N/A	N/A

3. OSHA Severity Rate⁶

Performance Objective: To incentivize employee safety

Description: ~~Utilized~~ Used as a metric to measure the severity of workplace injuries, the OSHA ~~Severity Rate~~ is commonly used to measure safety performance across the utility industry. The ~~OSHA~~ Severity Rate ~~takes into account~~ considers the total number of restricted and lost ~~time~~ days incurred as a ~~result~~ of a work-related injury. ~~The Baseline and Target Performance Levels will be set during the Front End Transition Period.~~

~~Points Assigned: 5~~

~~Baseline Performance Level: TBD Target Performance Level: TBD Minimum Performance Level: TBD~~

Calculation: This metric is calculated by dividing the product of the total number of severity days (both restricted and lost ~~time~~ days) and ~~200,000 (the~~ OSHA scaling factor)⁷ by the total number of work hours~~.~~

~~Metric Schedule~~

Table 2-11. OSHA Severity Rate

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	31.00						
Baseline	TBD-58.03						
Year 1	TBD-49.32	TBD-53.38	TBD-43.52	TBD-46.42	TBD-49.32	TBD-52.23	TBD-53.38
Year 2	TBD-41.92	TBD-49.12	TBD-32.64	TBD-37.14	TBD-41.92	TBD-44.39	TBD-48.05
Year 3	TBD-35.64	TBD-45.19	TBD-24.48	TBD-29.71	TBD-35.64	TBD-37.74	TBD-43.25
Year 4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 5	TBD	TBD	TBD	TBD	TBD	TBD	TBD

4. OSHA Days Away, Restricted, and Transfer Rate (DART)⁸

Performance Objective: To incentivize employee safety.

⁶ As defined by OSHA

⁷ The OSHA scaling factor is 200,000 and equates to equates to one hundred (100) employees working forty (40) hours per week, fifty (50) weeks of the year.

⁸ As defined by OSHA

Description: ~~Utilized~~ Used as a metric to measure the severity of workplace injuries, the OSHA DART Rate is commonly used to measure safety performance across the utility industry. The OSHA DART Rate ~~takes into account~~ considers the total number of injury cases that resulted in either lost time, restricted time, or a transfer from the employee's regular job. ~~The Baseline Performance Level will be set during the Front-End Transition Period.~~

Points Assigned: ~~5~~

Baseline Performance Level: ~~TBD~~ Target Performance Level: ~~DART of 4.0.~~

Minimum Performance Level: ~~Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.~~

Calculation: This metric is calculated by dividing the product of the total number of DART Cases (OSHA injury cases with either lost time days, restricted days, or results in a job transfer) and ~~200,000 (the~~ OSHA scaling factor) ~~and~~⁹ by the total number of work hours.

Metric Schedule

Table 2-12. OSHA DART Rate

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	<u>4.80</u>						
Baseline	TBD <u>6.85</u>						
<u>Year 1</u>	TBD	TBD	TBD	TBD	TBD	TBD	TBD
<u>Year 2</u>	TBD	TBD	TBD	TBD	TBD	TBD	TBD
<u>Year 3</u>	TBD	TBD	TBD	TBD	TBD	TBD	TBD
<u>Year 4</u> ¹	TBD <u>5.14</u>	TBD <u>6.17</u>	TBD <u>4.45</u>	TBD <u>4.80</u>	TBD <u>5.13</u>	TBD <u>5.48</u>	TBD <u>5.82</u>
<u>Year 5</u> ²	4.911	TBD <u>5.67</u>	TBD <u>3.12</u>	TBD <u>3.60</u>	4.911	TBD <u>4.66</u>	TBD <u>5.24</u>
<u>Year 3</u>	<u>3.29</u>	<u>5.22</u>	<u>2.18</u>	<u>2.70</u>	<u>3.29</u>	<u>3.96</u>	<u>4.72</u>

5. System Average Interruption Frequency Index (SAIFI)¹⁰

Performance Objective: To incentivize system reliability.

Description: This metric indicates how often the average customer experiences a sustained interruption¹¹ over a predefined period of time. ~~The baseline target level has been set using PREPA historical data subject to confirmation during the Front-End Transition Period.~~

Points Assigned: ~~5~~

Baseline Performance Level: ~~4.6 outages per year.~~ Target Performance Level: ~~1.89 outages per year.~~

⁹ The OSHA scaling factor is 200,000 and equates to equates to one hundred (100) employees working forty (40) hours per week, fifty (50) weeks of the year.

¹⁰ The Institute of Electrical and Electronics Engineers, Inc., IEEE Guide for Electric Power Distribution Reliability Indices IEEE Std. 1366™-2012, May 2012, page 5.

¹¹ "Any interruption not classified as a part of a momentary event. That is, any interruption that lasts more than five minutes." Ibid., page 4.

~~Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.~~

Calculation: This metric is calculated by dividing the total number of customers interrupted by the total number of customers served. Each sustained interruption¹² experienced by a specific customer counts towards the total in the numerator. ~~A sustained interruption is defined as “Any interruption not classified as a part of a momentary event. That is, any interruption that lasts more than five minutes.”~~

~~Metric Schedule~~

~~Table 2-13. System Average Interruption Frequency Index (SAIFI)~~

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	10.6						
Baseline	4.60-10.6						
Year 1	4.19-9.8	10.4-33	8.2-00	3.09-8.9	4.19-9.8	4.24-10.0	4.30-10.2
Year 2	3.77	4.06	1.75	2.76	3.77	3.89	4.00
Year 3	2.94-8.5	3.79-10.1	1.50-6.8	2.22-7.5	2.94-8.5	3.32-8.9	3.70-9.5
Year 4	2.42-7.4	3.52-9.8	1.25-5.8	1.84-6.6	2.42-7.4	8.2-84	3.25-9.0
Year 5	1.89	3.25	1.00	1.45	1.89	2.45	3.00

6. System Average Interruption Duration Index (SAIDI)¹³

Performance Objective: To incentivize system reliability~~6. Customer Average Interruption Duration Index (“CAIDI”)¹⁴~~

~~Performance Objective: To incentivize system reliability.~~

Description: This metric ~~measures~~indicates the total duration of interruption for the average restoration time a customer may experience. The Baseline Performance Level has been set using PREPA historical data subject to confirmation during the Front End Transition Period.

~~Points Assigned: 5~~

~~Baseline Performance Level: 147 minutes. Target Performance Level: 147 minutes.~~

~~Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5~~a predefined period of time.

¹² Ibid.

¹³ As defined in The Institute of Electrical and Electronics Engineers, Inc., IEEE Guide for Electric Power Distribution Reliability Indices, IEEE P1366-Std. 1366™-2012, May 2012, page 5.

Calculation: This metric is calculated by summing the product of the length of each interruption and the number of customers ~~impacted~~ affected by that interruption for all sustained interruptions¹⁵ during the measurement period then dividing by the total number of customers ~~interrupted. Note that each interruption experienced by a specific customer counts towards the total in the denominator.~~ served.

This is a sustained interruption index. A sustained interruption is defined as “Any interruption not classified as a part of a momentary event. That is, any interruption that lasts more than five minutes.” It also represents SAIDI divided by SAIFI

Metric Schedule

Table 2-14. System Average Interruption Duration Index (SAIDI)

	<u>Target Threshold</u>	<u>Minimum Performance Level</u>	<u>150%</u>	<u>125%</u>	<u>100%</u>	<u>50%</u>	<u>25%</u>
<u>PREB Order</u>	<u>1,243</u>						
<u>Baseline</u>	<u>147-1,243</u>						
<u>Year 1</u>	<u>147-1,119</u>	<u>147-1,212</u>	<u>120-870</u>	<u>134-994</u>	<u>147-1,119</u>	<u>N/A-1,150</u>	<u>N/A-1,181</u>
<u>Year 2</u>	<u>147-932</u>	<u>147-1,155</u>	<u>115-684</u>	<u>131-808</u>	<u>147-932</u>	<u>N/A-1,007</u>	<u>N/A-1,081</u>
<u>Year 3</u>	<u>147-746</u>	<u>147-1,118</u>	<u>110-497</u>	<u>129-622</u>	<u>147-746</u>	<u>N/A-870</u>	<u>N/A-994</u>
<u>Year 4</u>	<u>147</u>	<u>147</u>	<u>105</u>	<u>126</u>	<u>147</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 5</u>	<u>147</u>	<u>147</u>	<u>100</u>	<u>124</u>	<u>147</u>	<u>N/A</u>	<u>N/A</u>

~~7. System Average Interruption Duration Index (SAIDI)¹⁶~~

~~Performance Objective: To incentivize system reliability.~~

7. Distribution Line Inspections & Targeted Corrections

Performance Objective: To incentivize system safety and provide data to make decisions on effective reliability improvements, predictive maintenance, circuit hosting capacity and resiliency upgrades.

Description: ~~This~~ The Distribution Line Inspections and Targeted Corrections metric ~~indicates~~ will assess the ~~total duration~~ physical integrity of ~~interruption for the average customer. The Baseline Performance Level has been set using PREPA historical data.~~

~~Points Assigned: 5~~

~~Baseline Performance Level: 675 minutes. Target Performance Level: 277 minutes.~~

Minimum Performance Level: Set as a straight line calculation using poles, structures, components and equipment, providing data to develop an overall health rating to identify serious safety issues to either the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5-public or worker that will result in high-priority attention by LUMA.

¹⁵ “Any interruption not classified as a part of a momentary event. That is, any interruption that lasts more than five minutes.” Ibid., page 4.

Calculation: ~~This metric is calculated by summing of the of each interruption and the number of customers impacted by that interruption divided by the total number of customers served. Each interruption experienced by a specific customer counts towards the total in the denominator. This is a sustained interruption index. A sustained interruption is defined as any interruption not classified as a part of a momentary event. That is any interruption that lasts more than five minutes.~~ Number of distribution lines (circuits) inspected with results recorded in a database and Category 0 and Category 1 findings shall be incorporated in a plan within 60 days of identification to address. That plan shall consider a coordinated approach to remediation based on severity and risk according to the objectives defined in LUMA's Recovery Transformation Framework.

~~Metric Schedule~~

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	675	675	N/A	N/A	675	N/A	N/A
Year 1	645	635	550	582	615	622	630
Year 2	554	595	450	502	554	570	585
Year 3	432	556	375	404	432	466	500
Year 4	355	516	250	303	355	403	450
Year 5	277	476	150	214	277	339	400

~~8. Customers Experiencing Multiple Interruptions (“CEMI”)¹⁷~~

Table 2-15. Distribution Line Inspections & Targeted Corrections¹

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	N/A						
<u>Baseline</u>	N/A						
<u>Year 1</u>	<u>106</u>	<u>16</u>	<u>159</u>	<u>133</u>	<u>106</u>	<u>53</u>	<u>27</u>
<u>Year 2</u>	<u>370</u>	<u>56</u>	<u>555</u>	<u>463</u>	<u>370</u>	<u>185</u>	<u>93</u>
<u>Year 3</u>	<u>687</u>	<u>103</u>	<u>1,031</u>	<u>859</u>	<u>687</u>	<u>344</u>	<u>172</u>

¹ The numbers shown are cumulative from year to year. There are currently a total of 1,057 distribution circuits.

8. Transmission Line Inspections & Targeted Corrections

Performance Objective: To incentivize system safety and provide data to make decisions on effective reliability improvements, predictive maintenance, circuit hosting capacity and resiliency upgrades.

Description: ~~This metric indicated the ratio of individual customers experiencing one or more sustained interruptions to the total number of customers served. The Baseline Performance Level will be set during Year 3. It is anticipated that the number of interruptions to be tracked are three (3), five (5) and eight (8) interruptions (i.e., CEMI-3, CEMI-5 and CEMI-8).~~

Points Assigned: 6

Baseline Performance Level: TBD. Target Performance Level: TBD

Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: This metric is calculated by dividing the total number of customers that have experienced some number of outages more sustained interruptions by the total number of customers served. This is sustained interruption index. A sustained interruption is defined as any interruption not classified as a part of a momentary event. That is, any interruption that lasts more than five minutes.

Metric Schedule

Description: The Transmission Line Inspections and Targeted Corrections metric will assess the physical integrity of the poles, structures, components and equipment, providing data to develop an overall health rating to identify serious safety issues to either the public or worker that will result in high-priority attention by LUMA.

Calculation: Number of transmission lines inspected with results recorded in a database and Category 0 and Category 1 findings shall be incorporated in a plan within 60 days of identification to address. That plan shall consider a coordinated approach to remediation based on severity and risk according to the objectives defined in LUMA's Recovery Transformation Framework.

Table 2-16. Transmission Line Inspections & Targeted Corrections¹

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	N/A						
Baseline	N/A						
Year 1	26	4	39	33	26	13	7
Year 2	91	14	137	114	91	46	23
Year 3	169	25	254	211	169	85	43

¹ The numbers shown are cumulative from year to year. There are currently a total of 260 transmission circuits.

9. T&D Substation Inspections & Targeted Corrections

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 1	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 2	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 3	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 5	TBD	TBD	TBD	TBD	TBD	TBD	TBD

9. Momentary Average Interruption Frequency Index (“MAIFI”)¹⁸

Performance Objective: To incentivize system safety and provide data to make decisions on effective reliability improvements, predictive maintenance, circuit hosting capacity and resiliency upgrades.

Description: The T&D Substation Inspections and Targeted Corrections metric will assess the physical integrity of the structures, components and equipment, providing data to develop an overall health rating to identify serious safety issues to either the public or worker that will result in high-priority attention by LUMA.

Calculation: Number of T&D substations inspected with results recorded in a database and Category 0 and Category 1 findings shall be incorporated in a plan within 60 days of identification to address. That plan shall consider a coordinated approach to remediation based on severity and risk according to the objectives defined in LUMA’s Recovery Transformation Framework.

Table 2.-17. T&D Substation Inspections & Targeted Corrections¹

	<u>Target Threshold</u>	<u>Minimum Performance Level</u>	<u>150%</u>	<u>125%</u>	<u>100%</u>	<u>50%</u>	<u>25%</u>
<u>PREB Order</u>	<u>N/A</u>						
<u>Baseline</u>	<u>N/A</u>						
<u>Year 1</u>	<u>39</u>	<u>6</u>	<u>59</u>	<u>49</u>	<u>39</u>	<u>20</u>	<u>10</u>
<u>Year 2</u>	<u>137</u>	<u>21</u>	<u>206</u>	<u>171</u>	<u>137</u>	<u>69</u>	<u>34</u>
<u>Year 3</u>	<u>255</u>	<u>38</u>	<u>383</u>	<u>319</u>	<u>255</u>	<u>128</u>	<u>64</u>

¹ The numbers shown are cumulative from Description: This metric indicates the average frequency of momentary interruptions experienced by the average customer. It is calculated from customer level data but it is not a customer specific index—it is a system level index. MAIFI is typically caused by natural causes such as animal contacts, lightning strikes, or vegetation temporarily contacting a power line. The Minimum Performance Level and Target Performance Level will be set in Year 3.

Points Assigned: 5

Baseline Performance Level: 6 events per year. Target Performance Level: 2 events per to year.

Minimum Performance Level: Set as There are currently a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Calculation: This metric is calculated by dividing the total number of customer interruptions, which last less than a set amount of time, by the total number of customers served. This is momentary interruption index. A momentary interruption is an interruption of duration limited to the period required to restore service by an interrupting device. Such switching operations must be completed within a specified time of five minutes or less. This definition includes all reclosing operations that occur within five minutes of the first interruption. If a recloser or circuit breaker operates two, three, or four times and then holds (within five minutes of the first operation), those momentary interruptions shall be considered one momentary interruption event 392 substations.

Metric Schedule:

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	6.00	6.00	N/A	N/A	6.00	N/A	N/A
Year 1	5.50	5.60	4.50	5.00	5.50	5.53	5.55
Year 2	5.00	5.20	4.00	4.50	5.00	5.08	5.15
Year 3	4.00	4.80	3.00	3.50	4.00	4.25	4.50
Year 4	3.00	4.40	2.00	2.50	3.00	3.50	4.00
Year 5	2.00	4.00	1.00	1.50	2.00	2.75	3.50

C. Financial Performance**1. Operating Budget**

Performance Objective: To incentivize ~~accurate~~effective cost management.

Description: ~~This metric measures the utility's~~Measures ability to stay within ~~its Operating Budget initially approved at the start of the Contract Year. The Baseline and Target Performance Levels have been set at 100% of the approved Operating Budget-budget.~~

Points Assigned: 7.5

Baseline Performance Level: 100% of Operating Budget. Target Performance Level: 100% of Operating Budget.

Minimum Performance Level: 100% of Operating Budget.¹⁹

Calculation: ~~This metric will be evaluated as actual operating spend divided by Operating Budget.~~

Metric Schedule:

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline	100%	100%	N/A	N/A	100%	N/A	N/A
Year 1	100%	100%	N/A	N/A	100%	N/A	N/A
Year 2	100%	100%	N/A	N/A	100%	N/A	N/A
Year 3	100%	100%	N/A	N/A	100%	N/A	N/A
Year 4	100%	100%	N/A	N/A	100%	N/A	N/A
Year 5	100%	100%	N/A	N/A	100%	N/A	N/A

Calculation: This metric will be evaluated as actual operating expenses for a given Fiscal Year divided by the approved T&D operating budget for the same Fiscal Year as incurred. As defined in Section 7.3(b) of the OMA the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency

Reserve Account, as they have specific requirements, do not contribute to this metric. LUMA proposes that any approved budget amendment for items outside LUMA's control also adjusts the budget metric denominator by the same amount. It is also proposed that any financial adjustments or corrections made to PREPA's pre-fiscal year 2022 historical books and records be excluded from the calculation.

While the FY2020 data PREPA submitted shows an 80.4% baseline, LUMA remains at 100% of the budget. As this is funded by the rate order, it is in the customers' best interest that LUMA use the funds appropriately to build a stronger more resilient utility.

Table 2-18. Operating Budget¹

	<u>Target Threshold</u>	<u>Minimum Performance Level</u>	<u>150%</u>	<u>125%</u>	<u>100%</u>	<u>50%</u>	<u>25%</u>
<u>PREB Order</u>	<u>80.4%</u>						
<u>Baseline</u>	<u>100% of Operating Budget</u>						
<u>Year 1</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 3</u>	<u>100% of T&D Approved Operating Budget</u>	<u>100% of T&D Approved Operating Budget</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order. Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

2. Capital Budget: Federally Funded

Performance Objective: To incentivize ~~accurate~~effective cost management ~~of federally funded projects.~~

Description: ~~This metric measures the utility's~~Measures ability to stay within ~~its Capital Budget~~ budget.

Calculation: This metric will be evaluated as actual Federally Funded Capital expenses for a Fiscal Year, as incurred, divided by approved Capital Budget: Federally Funded for the same Fiscal Year. As defined in Section 7.3(b) of the OMA the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved at the start of the Contract Year. The Baseline and Target Performance Levels Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency Reserve Account, as they have been set at 100% of the approved Capital Budget Federally Funded, specific requirements, do not contribute to this metric.

Points Assigned: 7.5

Baseline Performance Level: 100% of ~~Table 2-19. Capital Budget – Federally Funded~~. Target Performance – Level: 100% of Capital Budget – Federally Funded. ~~Funded~~¹

Minimum Performance Level: 100% of Capital Budget – Federally Funded.²⁰

Calculation: This metric will be evaluated as actual operating spend divided by Capital Budget

– Federally Funded:

Metric Schedule:

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline ^{PREB} Order	N/A						
Baseline Year 1	N/A						
Year 21	100% of FY22 Approved Capital Spend	100% of FY22 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 32	100% of FY23 Approved Capital Spend	100% of FY23 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 43	100% of FY24 Approved Capital Spend	100% of FY24 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 5	100%	100%	N/A	N/A	100%	N/A	N/A

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order. Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

3. Capital Budget: Non-Federally Funded

Performance Objective: To incentivize ~~accurate~~^{effective} cost management: of Non-Federally Funded Capital.

Description: ~~This metric measures the utility's ability to stay within its Capital Budget – Non-Federally Funded initially approved at the start of the Contract Year. The Baseline and Target Performance Levels have been set at 100% of the Capital Budget – Non-Federally Funded.~~ Measures ability to stay within budget.

Points Assigned: 7.5

~~Baseline Performance Level: 100% of Capital Budget— Non Federally Funded.~~

~~Target Performance Level: 100% of Calculation: This metric will be evaluated as actual Federally Non-Funded Capital expenses for a Fiscal Year, as incurred, divided by approved Capital Budget: Non-Federally Funded for the same Fiscal Year. As defined in Section 7.3(b) of the OMA the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency Reserve Account, as they have specific requirements, do not contribute to this metric.~~

~~PREPA has underspent its non-federally funded capital expenditures recently which has exacerbated the deterioration of the resiliency of the T&D system. It is LUMA's intent to spend all of its budgeted amount to assist in stabilizing the T&D system and certain other capital items which support that effort., LUMA intends to fully deploy the funds financed by customers for capital expenditures be used to continue to improve the utility.~~

Table 2-20. Capital Budget — Non-Federally Funded. Funded¹ Minimum Performance Level: 102% of

~~Capital Budget— Non Federally Funded.~~²¹ —

~~Calculation: This metric will be evaluated as actual operating spend divided by Capital Budget~~

~~—Non Federally Funded.~~

Metric Schedule

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>PREB Order</u>	<u>6.6%</u>						
<u>Baseline</u>	<u>100% 100% of Capital Budget: Non-Federally Funded Approved for Fiscal 2022</u>						
<u>Year 1</u>	<u>≤100% of FY22 Approved Capital Spend</u>	<u>100% of FY22 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 2</u>	<u>≤100% of FY23 Approved Capital Spend</u>	<u>100% of FY23 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 3</u>	<u>≤100% of FY24 Approved Capital Spend</u>	<u>100% of FY24 Approved Capital Spend</u>	<u>N/A</u>	<u>N/A</u>	<u>Less than or Equal to 100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 4</u>	<u>100%</u>	<u>100%</u>	<u>N/A</u>	<u>N/A</u>	<u>100%</u>	<u>N/A</u>	<u>N/A</u>
<u>Year 5</u>	<u>100%</u>	<u>100%</u>	<u>N/A</u>	<u>N/A</u>	<u>100%</u>	<u>N/A</u>	<u>N/A</u>

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order.

Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

4a. Days Sales Outstanding²²: General Customers

Performance Objective: To incentivize ~~accurate cash management~~ effective credit and collections efforts.

Description: This metric is a measure of the ~~average number of days that it takes a company~~ ability to collect payment ~~after a sale has been made. It is a measure of cash management. The Baseline Performance Level has been set using PREPA historical data subject to confirmation during the Front End Transition Period. The Target Performance Level has been set at an appropriate level for adequate cash management for general clients' customer billings.~~

~~Points Assigned: 5.5~~

~~Baseline Performance Level: 150 days Target Performance Level: 50 days~~

~~Minimum Performance Level: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.~~

~~Calculation: This metric is calculated as average annual Accounts Receivable divided by average annual Total Credit Sales, multiplied by 365.~~

~~Metrics Schedule~~

Calculation: General Customers' DSO is calculated by dividing the year-end amount of general customers' receivables by the total year-end value of general customers' credit sales and multiplying the result by the number of days in that year. "Un-collectibles reserve," which is currently included in the DSO calculation in the PREPA Finance monthly report (MOR) of financial statements to the PREPA Governing Board, will not be included in the LUMA DSO calculations. General customers segment represents all non-government accounts including residential, commercial, and industrial accounts.

Data from August 2017 – July 2020 was analyzed to determine an appropriate baseline. Based on analysis of data from the last 36 months and consideration of impact of external factors such as hurricane Maria and the COVID restrictions, the timeframe of May 2019 – February 2020 represents the most current stable and unimpaired period of collections activity for General Customers. The proposed baseline for General Customers is the average of 131 days during this period.

Special Considerations: There are situations outside the Luma Customer Experience team's control that could negatively impact DSO performance and therefore deserve special consideration. For these or similar circumstances, the proposal is to either give relief from or reevaluate DSO baseline and performance targets:

- Non-Payment Moratorium: Relief from Moratoriums on cut off for non-pay. Government orders for collection moratoriums on cut off for non-pay negatively impact Luma's ability to execute normal collections processes and manage DSO. LUMA should be relieved of this metric during moratorium periods and for 3-6 months after the moratorium been lifted as it is a trailing indicator.
- PREPA Data: Relief from changes in PREPA finance calculations. Should PREPA Finance change any of the fundamental data or calculations involved in the M-8 or Page 12 MOR reports, baselines and performance targets may need to be adjusted accordingly (For example, in January 2020 PREPA Finance changed the way Government A/R was calculated for the MOR report. The change resulted in an increase

of 572 days of Government DSO. This was an accounting change only and did not reflected a material underlying change in the business.)

- New or Incorrect Data: Relief from data inaccuracies. If material errors or differences are identified in PREPA's unaudited Accounts Receivable and DSO data or processes upon implementation of new analytics or other discoveries, all DSO calculations, baselines, and performance targets may need to be reevaluated and adjusted accordingly.

Table 2-21. Days Sales Outstanding: General Customers

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
<u>Baseline</u> ¹	<u>132</u>						
<u>PREB Order</u>	<u>131</u>						
<u>Year 1</u>	<u>137.50-128</u>	<u>140.00-148</u>	<u>125.00-119</u>	<u>131.25-122</u>	<u>137.50-128</u>	<u>138.25-135</u>	<u>139.00-138</u>
<u>Year 2</u>	<u>125.00</u>	<u>130.00</u>	<u>100.00</u>	<u>112.50</u>	<u>125.00</u>	<u>125.38</u>	<u>125.75</u>
<u>Year 3</u>	<u>100.00-126</u>	<u>120.00-145</u>	<u>75.00-116</u>	<u>87.50-120</u>	<u>100.00-126</u>	<u>107.50-132</u>	<u>115.00-135</u>
<u>Year 4</u>	<u>75.00-123</u>	<u>110.00-142</u>	<u>65.00-114</u>	<u>70.00-117</u>	<u>75.00-123</u>	<u>87.50-129</u>	<u>100.00-132</u>
<u>Year 5</u>	<u>50.00</u>	<u>100.00</u>	<u>50.00</u>	<u>50.00</u>	<u>50.00</u>	<u>62.50</u>	<u>75.00</u>

5. Reduction in Network Line Losses

¹ LUMA's Baseline was calculated using PREPA's Financial Report (M-8) using FY 2019.

4b. Days Sales Outstanding: Government customers

Performance Objective: To incentivize ~~efficient line usage.~~ effective credit and collections efforts.

Description: This metric ~~measures~~ is a measure of the utility's ability to ~~reduce line losses,~~ collect government bills.

Calculation: Government DSO is calculated by dividing the year-end amount of Government accounts receivable by the total year-end value of government credit sales and multiplying the result by the number of days in that year. "Un-collectibles reserve," which ~~occur due~~ is currently included in the DSO calculation in the PREPA Finance monthly report (MOR) of financial statements to ~~resistance along the electrical lines.~~ The the PREPA Governing Board, will not be included in the LUMA DSO calculations. This metric will reflect the impact of government collections, including critical service installations as defined in the Puerto Rico Energy Transformation and RELIEF Act, Act 57-2014, as amended by the Puerto Rico Energy Public Policy Act, Act 17-2019, and Contribution in Lieu of Taxes (CILT).

Data from August 2017 – July 2020 was analyzed to determine appropriate ~~baseline and target.~~ Due to a material accounting change by PREPA Finance in 2020, the timeframe of March through July 2020 is the most appropriate period for establishing a Government DSO Baseline. The proposed Government DSO Baseline is the average of 754 days during this period.

Special Considerations: There are situations outside the Luma Customer Experience team's control that could negatively impact DSO ~~performance metrics will be set during the Front End Transition Period,~~ and therefore deserve special consideration. For these or similar circumstances, the proposal is to either give relief from or reevaluate DSO baseline and performance targets:

Points Assigned: 5

Baseline Performance Level: TBD. Target Performance Level: TBD. Minimum Performance Level: TBD.

Calculation: Set as a straight line calculation using the Baseline Performance Level in Year 0 and assuming the Target Performance Level is met in Year 10 instead of Year 5.

Metrics Schedule

- Non-Payment Moratorium: Relief from Moratoriums on cut off for non-pay. Government orders for collection moratoriums on cut off for non-pay negatively impact Luma's ability to execute normal collections processes and manage DSO. LUMA should be relieved of this metric during moratorium periods and for 3-6 months after the moratorium has been lifted as it is a trailing indicator.
- PREPA Data: Relief from changes in PREPA finance calculations. Should PREPA Finance change any of the fundamental data or calculations involved in the M-8 or Page 12 MOR reports, baselines and performance targets may need to be adjusted accordingly (For example, in January 2020 PREPA Finance changed the way Government A/R was calculated for the MOR report. The change resulted in an increase of 572 days of Government DSO. This was an accounting change only and did not reflect a material underlying change in the business.)
- New or Incorrect Data: Relief from data inaccuracies. If material errors or differences are identified in PREPA's unaudited Accounts Receivable and DSO data or processes upon implementation of new analytics or other discoveries, all DSO calculations, baselines, and performance targets may need to be reevaluated and adjusted accordingly.

Table 2-22. Days Sales Outstanding: Government Customers

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Baseline ^{PREB} Order	TBD-619						
Year ^{Baseline}	TBD-754						
Year 21	TBD-739	TBD-850	TBD-684	TBD-702	TBD-739	TBD-776	TBD-794
Year 32	TBD-724	TBD-833	TBD-670	TBD-688	TBD-724	TBD-760	TBD-778
Year 43	TBD-709	TBD-815	TBD-656	TBD-674	TBD-709	TBD-745	TBD-762
Year 53	TBD-709	TBD-815	TBD-656	TBD-674	TBD-709	TBD-745	TBD-762

⁶ LUMA's Baseline was calculated using PREPA's Financial Report (M-8) using FY 2019.

5. Overtime

Performance Objective: To incentivize efficient payroll expense.

Description: This metric measures the utility's ability to manage ~~salary expense. The Baseline and Target Performance Levels will be set during the Front-End Transition Period.~~ labor expenses.

Points Assigned: ~~5~~

Baseline Performance Level: TBD. Target Performance Level: TBD. Minimum Performance Level: TBD.

Calculation: The ~~sum~~amount of ~~all hours worked beyond scheduled hours in~~ overtime expenses divided by the ~~amount of total non-exempt base compensation expenses, expressed as a given period.~~ percentage.

Metric Schedule

Table 2-23. Overtime

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	N/A						
Baseline	TBD-23% of Total Non-Exempt Base Compensation						
Year 1	TBD-20% of Total Non-Exempt Base Compensation	TBD-23% of Total Non-Exempt Base Compensation	TBD-Less than or Equal to 18%	TBD-19%	TBD-20%	TBD-21%	TBD-22%
Year 2	TBD-19% of Total Non-Exempt Base Compensation	TBD-22% of Total Non-Exempt Base Compensation	TBD-Less than or Equal to 17%	TBD-18%	TBD-19%	TBD-20%	TBD-21%
Year 3	TBD-18% of Total Non-Exempt Base Compensation	TBD-21% of Total Non-Exempt Base Compensation	TBD-Less than or Equal to 16%	TBD-17%	TBD-18%	TBD-19%	TBD-20%
Year 4	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Year 5	TBD	TBD	TBD	TBD	TBD	TBD	TBD

VI. ~~Operator~~LUMA Event of Default

Section 14.1(k) (Events of Default by ~~Operator~~—LUMA — Failure to Meet Minimum Performance Threshold) of the ~~Agreement~~OMA provides for an Operator Event of Default if, during three (3) or more consecutive Contract Years, ~~Operator~~LUMA fails to meet the Minimum Performance Level for any three (3) ~~of the following~~Key Performance Metrics and no such failure has been excused by a Force Majeure Event, Outage Event or Owner Fault~~-. The Key Performance Metrics are the following, based on the OMA Annex IX as revised in this document as per the OMA:~~

(i) Average Speed of Answer; (ii) ~~First Call Resolution~~Abandonment Rate; (iii) OSHA Fatalities; (iv) OSHA ~~Severe Injuries~~Severity Rate; (v) System Average Interruption Frequency Index (SAIFI); (vi) System Average Interruption Duration Index (SAIDI); (vii) ~~Customer Average Interruption Duration Index (CAIDI);~~Distribution Line Inspections & Targeted Corrections; (viii) Operating Budget; (ix) Capital Budget~~—; Federally Funded; and (x) Capital Budget—; Non-Federally Funded (each a “Key Performance Metric” and together the “Key Performance Metrics”)-).~~

OMA Section 7.1(c)(vii) (Service Fee — Incentive Fee) provides that if any Force Majeure Event (other than a Force Majeure Event that is a Major Outage Event) prevents ~~Operator~~LUMA from achieving one or more of the Performance Metrics, ~~Operator~~LUMA shall be entitled to earn the Incentive Fee for the period that such Force Majeure Event continues as long as, and to the extent that, ~~Operator~~LUMA achieves the Key Performance Metrics during such period of time.

VII. Operating Budget Overrun Default

OMA Section 14.5(e) (Additional Termination Rights — Operating Budget Overrun) of the OMA provides Owner with an additional termination right in the event of an Operating Budget Overrun Default.

VIII. Major Outage Events (MOE) Performance Metrics

The MOE Scorecard assigns metrics and points into three categories: Preparation (Item 1 targeted at 250 points), Operational Response (Items 2 – 11 targeted at 450 points) and Communications (Items 12 – 16 targeted at 300 points). The three categories are intended to capture the key activities associated with a Major Outage Event. The Preparation metrics focus on utility activities in anticipation of a significant outage event. The second category, Operational Response, evaluates the utility's performance as a significant outage event is occurring and during the recovery period after the event until normal service is restored. The third category, Communications, assesses the utility's ability to receive and to disseminate information about the outage event and about the recovery process. The specific metrics and point assignments under each category are set forth in the MOE Scorecard in Table 2-24.

Major Outage Event is defined as follows:

“Major Outage Event” means an event as a result of which (i) at least two hundred and five thousand (205,000) T&D Customers are interrupted ~~or (ii) at least for more than 15 minutes or (ii) at any point in time during the event, there are~~ one thousand five hundred ~~(or more (>1,500))~~ active outage ~~job events~~ for the T&D System ~~are logged, which are tracked in the Outage Management System (OMS). The major outage event is deemed ongoing so long as the interruptions/outages continue to remain above the stated cumulative amounts, in each case within for a period of~~ twenty-four ~~(hours or longer (>24) hour period and due to are caused by~~ an act of God ~~or, in case, If such an act of God is~~ a storm, ~~at the~~ storm ~~that is must be~~ designated as ~~such a~~ named storm by the

U.S. National Weather Service, ~~and or~~ a State of Emergency declared by the Government of Puerto Rico. The major outage event shall ~~end be~~ deemed to have ended when ~~a state in which fewer than the cumulative number of T&D customers remaining interrupted falls below~~ ten thousand (10,000) T&D Customers remain interrupted ~~for for~~ a continuous period of eight (8) hours ~~following a Major Outage Event is achieved.~~

The Major Outage Event should be categorized on the following:

Event categories: Events are categorized based on forecasted impact and revised post-event based on actual impact, to be measured from the start of the operational response (after the event has passed and when it is physically safe to dispatch crews) to when less than ten thousand (<10,000) T&D Customers remain interrupted for more than 8 hours as follows:

- 3 to 5 days
- 5 to 10 days
- Greater than 10 days

OMA Section 7.1(c)(vi) (Service Fee – Incentive Fee) of the Agreement provides that if any Major Outage Event (including, for the avoidance of doubt, a Major Outage Event that is a Force Majeure Event) prevents Operator from achieving one or more of the Performance Metrics, Operator shall be entitled to earn the Incentive Fee for the period that such Major Outage Event continues as long as, and to the extent that, Operator achieves ~~certain performance metrics to be agreed upon during the Front End Transition Period and set forth below (the “Major Outage Event Performance Metrics”)~~ during such period of time.

The LUMA proposes the Major Outage Event Performance Metrics ~~that form the basis for, with the Incentive Compensation Pool in such circumstances are summarized~~ descriptions, base points and effective weight set forth in Table 3-24 below.

Note: The Major Outage Event Performance Metrics will be subject to confirmation during the Front-End Transition Period and review and approval by PREB.

Table 3-2-24. Summary of Major Outage Event Performance Metrics

~~Note: The Major Outage Event Performance Metrics will be subject to confirmation during the Front-End Transition Period and review and approval by PREB~~

Description Major Outage Performance Metric	Descriptions Metrics	Base Points	Effective Weight	Comments
1. Preparation Phase Completion of steps to provide timely and accurate emergency event preparation following an alert from U.S. National Weather Service or the company's private weather service, <u>or the government of Puerto Rico has declared a state of emergency or when an event is known to be imminent or has occurred</u> , in accordance with the Emergency Response Plan, for an event expected to impact <u>affect</u> the company's service territory.	TBD <u>Completion of each step counts separately:</u>			
	<u>1.1 Event-level categorization based on weather forecasts, system resiliency assessment and available resources.</u>	<u>40</u>	<u>4.0%</u>	-
	<u>1.2 Press releases issued/text messages/emails sent.</u>	<u>15</u>	<u>1.5%</u>	-
	<u>1.3 Municipal conference calls held.</u>	<u>20</u>	<u>2.0%</u>	-
	<u>1.4 Critical & essential customers alerted — based on established list with current information.²³</u>	<u>40</u>	<u>4.0%</u>	-
	<u>1.5 Point of contact for critical facilities alerted — based on established list with current information.</u>	<u>15</u>	<u>1.5%</u>	-
	<u>1.6 Company compliance with training program as specified in the Emergency Response Plan.</u>	<u>40</u>	<u>4.0%</u>	-
	<u>1.7 Participation in all pre-event mutual assistance group calls.</u>	<u>40</u>	<u>4.0%</u>	-
	<u>1.8 Verify materials/stockpiles level based on forecast. If materials are not on hand, corrective steps taken in shortest reasonable time to correct the situation.</u>	<u>40</u>	<u>4.0%</u>	-
	Total	<u>250</u>	<u>25.0%</u>	-
2. Downed Wires Response to downed wires reported by municipal public officials.	TBD <u>Once the joint reporting and response process is established, LUMA will respond to all reported downed wires and take appropriate action within a reasonable time (per the event categorization) working in conjunction with local authorities after a Major</u>	TBD <u>40</u>	4.0%	A reporting and response process on how these are managed needs to be put in place jointly with municipal public officials.

²³ This includes critical care customers.

	<p><u>Outage Event. Reported means that the situation is tracked in the Customer Information System (CIS) by the official contacting LUMA call centers or reported through the Municipal Emergency Operations Center (EOC) through LUMA's Municipal Emergency Operations Center (MEOC) Liaison.</u></p> <p><u>Reasonable Time</u></p> <table><tr><th><u>Event</u></th><th><u>Response</u></th></tr><tr><th><u>Categorization</u></th><th><u>Time</u></th></tr><tr><td>3 to 5 days</td><td>18 hours</td></tr><tr><td>5 to 10 days</td><td>36 hours</td></tr><tr><td>> 10 days</td><td>60 hours</td></tr></table>	<u>Event</u>	<u>Response</u>	<u>Categorization</u>	<u>Time</u>	3 to 5 days	18 hours	5 to 10 days	36 hours	> 10 days	60 hours			Fire and Police training on how to handle downed wires will be provided as requested.
<u>Event</u>	<u>Response</u>													
<u>Categorization</u>	<u>Time</u>													
3 to 5 days	18 hours													
5 to 10 days	36 hours													
> 10 days	60 hours													

3. Damage Assessment

3. Preliminary Damage Assessment	<p><u>Completion</u> After the beginning of the Major Outage Event and when it is safe to do so LUMA will begin a preliminary damage assessment of the affected area(s) or T&D facilities.</p> <p><u>The preliminary damage assessment will be completed within a "reasonable time" at the beginning of the Operation Response phase. The preliminary damage assessment will be done primarily with helicopter patrol and very limited specific land patrol to address helicopter assessment questions.</u></p> <p><u>Concurrent with the start of the preliminary helicopter assessment, LUMA will begin a more thorough damage assessment.</u></p> <p><u>Reasonable Time</u></p> <table><tr><th><u>Event</u></th><th><u>Response</u></th></tr><tr><th><u>Categorization</u></th><th><u>Time</u></th></tr><tr><td>3 to 5 days</td><td>36 hours</td></tr><tr><td>5 to 10 days</td><td>72 hours</td></tr><tr><td>> 10 days</td><td>120 hours</td></tr></table>	<u>Event</u>	<u>Response</u>	<u>Categorization</u>	<u>Time</u>	3 to 5 days	36 hours	5 to 10 days	72 hours	> 10 days	120 hours	TBD50	TBD5.0%
<u>Event</u>	<u>Response</u>												
<u>Categorization</u>	<u>Time</u>												
3 to 5 days	36 hours												
5 to 10 days	72 hours												
> 10 days	120 hours												

4. Crewing

4. Crewing	<p><u>50% of the forecast crewing [from mutual assistance] committed to the utility.</u></p> <p><u>Three (3) days prior to a forecasted event occurring (when the event allows that much warning time), LUMA will complete a "damage prediction" to determine crew requirements. Based on this damage prediction, the number of mutual assistance crews will be determined.</u></p> <p><u>LUMA will stage materials, equipment and personnel at the required location prior to the weather event striking the area.</u></p> <p><u>Within 24 hours of the damage prediction, 50% of indicated internal crews and qualified contract crews will be deployed.</u></p> <p><u>Within 48 hours of the damage prediction, 80% of the indicated internal</u></p>	TBD30	TBD3.0%	
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	<u>crews and qualified contract crews will be mobilized on island.</u>			
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5. Estimated Time of Restoration (ETR) for 90% of Service Outages

5- Estimated Time of Restoration <u>for 90% of service outages</u> (made available by utility on web, IVR, to CSR's , <u>Customer Service Representatives (CSRs)</u> , etc.)	Publication of regional ETRs in accordance with guidelines. Publication of municipal ETRs in accordance with guidelines.	TBD <u>20</u>	TBD <u>2.0%</u>	
	<u>Publication of municipal ETRs in accordance with guidelines.</u>	<u>20</u>	<u>2.0%</u>	-
	<u>A preliminary ETR for 90% service restoration will be made available on the Internet 24 hours after the preliminary damage assessment in pdf format.</u>	<u>20</u>	<u>2.0%</u>	-
	<u>ETRs on 90% service restoration to be made available on IVR and to CSRs by municipality or region.</u>	<u>20</u>	<u>2.0%</u>	-
	<u>All ETRs to be updated every 24 hours.</u>	<u>20</u>	<u>2.0%</u>	-

6. ETR Accuracy for 90% Service Restoration

6- Regional ETR <u>Accuracy</u> Municipal ETR accuracy	Regional ETR accuracy as <u>Accuracy for 90% of service outage restoration and published in accordance with ETR requirement time.</u> Municipal ETR accuracy as published in accordance with ETR requirement time <u>The ETRs used for this metric will be the ETRs posted after the thorough damage assessment is completed and not based on the preliminary damage assessment.</u>	TBD <u>80</u>	TBD <u>8.0%</u>	
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7. Municipality Coordination

Coordination with municipalities regarding road clearing, down wires, critical customers, etc.	TBD <u>Through the Municipal EOC the LUMA local Incident Command Center (ICC) Municipal Liaison will attend all scheduled Situation Report (SITREP) meetings. The Liaison will be the conduit for ICC information and requests. To track, the Municipal EOC must be activated so that all requests flow through it.</u> <u>LUMA's ICC Municipal Liaison will attend all scheduled SITREP meetings.</u>	TBD <u>20</u>	2.0%	
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8. Municipal EOC Coordination Puerto Rico Commonwealth/Federal EOC Coordination

<u>Coordination with municipal Puerto Rico Commonwealth and Federal EOCs.</u>	<u>Through the Commonwealth and Federal EOCs the LUMA Liaisons will attend all scheduled meetings. The Liaison will be the conduit for ICC information and requests.</u> <u>To track activity, the State and Federal EOCs must be activated and not a request from elected officials.</u>	<u>10</u>	<u>1.0%</u>	-
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9. Utility Coordination

Coordination with other utilities (communications, water, etc-).)	TBD <u>Establish contact points between utilities.</u>	TBD <u>20</u>	2.0%	
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10. Safety

Measure of any employee or contractor injured doing hazard work during storm/outage and restoration.	TBD <u>Record safety incidents and include in safety report per LUMA Health Safety Environment & Quality (HSE&Q) standard.</u>	TBD <u>80</u>	8.0%	
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11. Mutual Assistance

Crew requests made through all sources of mutual assistance- or other pre negotiated contracts with utility service providers.	TBD <u>Three (3) days prior to a forecasted event occurring (when the event allows that much warning time). LUMA will complete a damage prediction to determine the requirements for on and off island mutual aid/pre-negotiated contracts with other utility service providers. LUMA will activate the required resources and place them on standby until the damage assessment is completed.</u> <u>After the initial damage assessment is completed, the requests for mutual assistance or other utility service provider crews will be made as follows:</u> <ul style="list-style-type: none"> ▪ <u>Within 70 hours, 40% of crews</u> ▪ <u>After 120 hours, 80% of committed mutual aid and other utility service provider crews will be requested.</u> 	TBD <u>20</u>	2.0%	
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Total

450

45.0%

12. Call Answer Rates

Customer calls answered by properly staffing <u>staffed</u> call centers (use of IVR and other technology is an acceptable answer - <u>solution</u>).	TBD <u></u>	TBD <u></u>	—	TBD depending on size of major event.
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13. Municipal CallsWeb Availability

Company's web site <u>website</u> , specifically the section pertaining to outage impact and restoration, must be available around the clock during a major storm event and information must be updated hourly until final restoration. In the event- that no new information is available, the web site <u>website</u> must display the last time and date that information was updated. The web site <u>website</u> and/or section pertaining to outage impact and restoration may be taken offline for a short period during off- peak hours	TBD <u></u>	TBD <u>75</u>	7.5%	
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to perform system maintenance.				
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14. PREB and Administrator (P3A) Reporting

Provide storm event information to PREB and Administrator in accordance with LUMA's Electric Outage Reporting Management System (EORSOMS) guideline requirements to be established in the ERP for LUMA.	<u>TBD</u> Information to be updated every 24 hrs.	<u>TBD</u> 75	7.5%	
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15. Customer Communications

Press Availability of press releases, text messaging, email and social media.	<u>TBD</u>	<u>TBD</u> 100	10.0%	
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16. Outgoing message on telephone line

Recorded message providing callers with outage information is updated within two hours of communication of press releases.	<u>TBD</u>	<u>TBD</u> 50	5.0%	Available at Service Commencement Date. IVR will be managed in house.
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18. PREB and Administrator Complaints Total	Number of storm/outage related PREB and Administrator complaints received 300	TBD 30.0%	TBD
<u>Maximum Available Points</u>	<u>1,000</u>	<u>100.0%</u>	

Table 2-25. Major Outage Event Performance Metrics Schedule

	<u>Target Threshold</u>	<u>Minimum Performance Level</u>	<u>150%</u>	<u>125%</u>	<u>100%</u>	<u>50%</u>	<u>25%</u>
<u>Baseline</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>Target</u>	<u>675</u>	<u>250</u>	<u>1000</u>	<u>840</u>	<u>675</u>	<u>515</u>	<u>350</u>

The MOE Scorecard has been divided into three categories summarized in Table 2-26 below.

Table 2-26. Major Outage Event Performance Metrics Scorecard

<u>Category</u>	<u>Points</u>	<u>Metrics Descriptions</u>
<u>1. Preparation</u>	<u>250</u>	<u>1. Preparation Phase</u>

<u>Category</u>	<u>Points</u>	<u>Metrics Descriptions</u>
<u>2. Operational Response</u>	<u>450</u>	<u>2. Downed Wires</u> <u>3. Damage Assessment</u> <u>4. Crewing</u> <u>5. Estimated Time of Restoration (ETR) for 90% of Service Outages</u> <u>6. ETR Accuracy for 90% Service Restoration</u> <u>7. Municipality Coordination</u> <u>8. Municipal EOC Coordination Puerto Rico Commonwealth / Federal EOC Coordination</u> <u>9. Utility Coordination</u> <u>10. Safety</u> <u>11. Mutual Assistance</u>
<u>3. Communication</u>	<u>300</u>	<u>12. Call Answer Rates</u> <u>13. Web Availability</u> <u>14. PREB and Administrator (P3A) Reporting</u> <u>15. Customer Communications</u> <u>16. Outgoing message on telephone line</u>
<u>Maximum Available Points</u>	<u>1,000</u>	

IX. Monitoring

_____ The set of Performance Metrics and the Target Performance Levels for the ~~sixth~~fourth Contract Year will be evaluated during the ~~fifth~~third Contract Year ~~collectively by the Operator and Administrator~~ to determine reasonability for subsequent years. Beginning in the ~~sixth~~fourth Contract Year ~~Performance Metrics and the Target Performance Levels will be reevaluated on an annual basis. At this time, it will be determined whether additional metrics should be included, Base Points base points reallocated, and Target Performance Levels modified. The Operator~~ LUMA and PREB may also consider whether adjustments to the Performance Metrics are appropriate prior to the ~~fifth~~fourth Contract Year based on business, operational or other considerations. Any adjustments will be dealt with in accordance with OMA Section 7.1(e)(~~vid~~) (Service Fee— Amendments to Performance Metrics). Any revisions to the Performance Metrics are subject to PREB's review, modification, and approval.