

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

**IN RE: REVIEW OF THE PUERTO RICO  
ELECTRIC POWER AUTHORITY'S 10-YEAR  
INFRASTRUCTURE PLAN – DECEMBER  
2020**

**CASE NO.: NEPR-MI-2021-0002**

**SUBJECT: Motion to Submit Generation  
Projects Initial SOWs.**

**RESOLUTION AND ORDER**

**I. Introduction**

On March 26, 2021, the Energy Bureau issued a Resolution and Order (“March 26 Resolution”) through which it ordered the Puerto Rico Electric Power Authority (“PREPA”) to submit each specific capital investment project for approval, to avoid potential noncompliance with the Approved Integrated Resource Plan (“IRP”) and Modified Action Plan<sup>1,2</sup>. The Energy Bureau required PREPA to submit the specific projects to the Energy Bureau for approval at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency (“COR3”) and the Federal Emergency Management Agency (“FEMA”).<sup>3</sup>

On August 20, 2021, PREPA filed before the Energy Bureau a document titled *Motion to Submit Generation Projects Initial SOWs* (“August 20 Motion”). Through the August 20 Motion, PREPA submitted five (5) Exhibits, Exhibit A through Exhibit E, containing initial Scopes of Work (“SOW”) for several generation projects. The Exhibits contain fourteen (14) projects in the categories of generation and, dams and hydro of the June 2021 Revised 10-Year Plan.<sup>4</sup>

<sup>1</sup> See, *In Re: Review of the Integrated Resources Plan of the Puerto Rico Electric Power Authority*, Case. No. CEPR-AP-2018-0001, Final Resolution and Order, August 24, 2020 (“August 24 Resolution”).

<sup>2</sup> See, *In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case. No. NEPR-MI-2021-0002, Resolution and Order, March 26, 2021. (“March 26 Resolution”).

<sup>3</sup> March 26 Resolution, pp. 14-15. The Energy Bureau determined that this directive equally applies to LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, “LUMA”). See, *In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case. No. NEPR-MI-2021-0002, Resolution and Order, June 8, 2021.

<sup>4</sup> See, *In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020*, Case. No. NEPR-MI-2021-0002, *Motion Submitting Updated 10-Year Infrastructure Work Plan*, Exhibit 1, July 6, 2021.



*[Handwritten signatures and initials in blue ink, including 'AM', 'SI', 'S', and 'AM']*

## II. Evaluation of PREPA's August 20 Motion

As part of the August 20 Motion, PREPA included fourteen (14) Project Scopes of Work (SOW) with Cost Estimates, distributed across Exhibit A through Exhibit E. These SOWs comprise projects mainly related to the restoration of several dams and hydro facilities to pre-disaster function and approved codes and standards. As part of the SOWs, PREPA included a Class 5 Cost Estimate for each project, which details materials, construction, labor and equipment, engineering, permitting, management, and contingencies. As explained in the scopes of work, said cost estimate is between -50% to +100% of the final project cost.

Exhibit A of the August 20 Motion contains ten (10) SOWs for work to be performed on the Dos Bocas, Garzas, Guajataca, Guayabal, Guayo, Guerrero, Guineo, Loco, Luchetti, and Matrullas reservoirs. Exhibit B includes an SOW related to work to be performed on the Dam Safety Early Warning System. Exhibit C includes an SOW related to work to be performed for permanent repairs to the Guajataca Dam. Exhibit E includes an SOW related to work to be performed for the seismic retrofit of the Patillas Dam. The SOWs have the objective to (i) restore the water storage capacity of several reservoirs; (ii) restore the facilities to pre-disaster function and approved codes and standards; and (iii) evaluate alternatives to mitigate adverse effects of the dams due to seismic events.

Exhibit D to the August 20 Motion includes an SOW related to repairs at the Palo Seco Steam Plant and the replacement of an existing water tank with a clean demin water tank for its supply to the mega gen gas turbines. The objective of this project is to provide the demin water required to operate the mega gen units within environmental permitting requirements.

Upon review of the August 20 Motion, the Energy Bureau **DETERMINES** that the projects presented are necessary to improve the reliability of the system. Therefore, the Energy Bureau **APPROVES** the projects in Attachment A to this Resolution and Order. The Energy Bureau notes this approval represents \$1,376.97 MM based on the Class 5 Cost Estimates submitted by PREPA through the August 20 Motion.<sup>5</sup>

## III. Conclusion

The Energy Bureau **APPROVES** the projects included as part of the **Attachment A** to this Resolution and Order, which shall be presented to FEMA and COR3 to finalize its approval process. These projects were approved based on the information provided by PREPA, should the scope of the project changes, PREPA **SHALL** immediately seek the Energy Bureau's approval of such changes.

The Energy Bureau **ORDERS** PREPA to (i) submit to the Energy Bureau copy of the approval by COR3 and/or FEMA of the projects in Attachment A, which shall contain the costs

<sup>5</sup> The Energy Bureau has approved a total of \$4,407.32 MM = \$1,240.77 MM + \$1,789.58 MM + \$1,376.97 MM up to date based on the Class 5 Cost Estimates submitted by PREPA and LUMA as part of this process.



obligated for each project, **within ten (10) days of receipt of such approval**; (ii) provide the Energy Bureau the actual contracted cost to construct each project approved in the Attachment A, **within ten (10) days from the execution of the contract**; and (iii) inform the Energy Bureau once the projects are completed.

The directive instated in the March 26 Resolution related to the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3 remains unaltered.

Be it notified and published.

Edison Avilés Deliz  
Chairman

Ángel R. Rivera de la Cruz  
Associate Commissioner

Lillian Mateo Santos  
Associate Commissioner

Ferdinand A. Ramos Soegaard  
Associate Commissioner

Sylvia B. Ugarte Araujo  
Associate Commissioner

### CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on September 8, 2021. I also certify that on September 8, 2021 a copy of this Resolution and Order was notified by electronic mail to the following: laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, kbolanos@diazvaz.law; mvazquez@diazvaz.law. I also certify that today, September 8, 2021, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today September 8, 2021.

Sonia Seda Gaztambide  
Clerk



**Attachment A  
Projects Approved by the Energy Bureau**

	<b>Category</b>	<b>10-Year Infrastructure Plan (June 2021 Update) - Project Name</b>	<b>Initial SOW Document (August 20, 2021) - Project Name</b>	<b>Class 5 Cost Estimate (\$M)</b>	<b>Comments</b>
1	Dams & Hydro	Dos Bocas Reservoir	Dos Bocas Reservoir – Dredging	\$ 58.25	Approved as requested.
2	Dams & Hydro	Garzas Reservoir	Garzas Reservoir – Dredging	\$ 1.53	Approved as requested.
3	Dams & Hydro	Guajataca Reservoir	Guajataca Reservoir – Dredging	\$ 18.99	Approved as requested.
4	Dams & Hydro	Guayabal Reservoir	Guayabal Reservoir – Dredging	\$ 7.75	Approved as requested.
5	Dams & Hydro	Guayo Reservoir	Guayo Reservoir – Dredging	\$ 21.01	Approved as requested.
6	Dams & Hydro	Guerrero Reservoir (Guajataca)	Guerrero Reservoir – Dredging	\$ 0.019	Cost Estimate between June 2021 Update 10-Year Infrastructure Plan and Initial SOW Document differs. Reflects Initial SOW Cost Estimate. Approved as requested.
7	Dams & Hydro	Guineo Reservoir	Guineo Reservoir – Dredging	\$ 1.25	Approved as requested.
8	Dams & Hydro	Loco Reservoir	Loco Reservoir – Dredging	\$ 2.73	Approved as requested.
9	Dams & Hydro	Lucchetti Reservoir	Lucchetti Reservoir – Dredging	\$ 35.81	Approved as requested.
10	Dams & Hydro	Matrullas Reservoir	Matrullas Reservoir – Dredging	\$ 3.08	Approved as requested.
11	Dams & Hydro	Early Warning System (Dams) Project	Dam Safety Early Warning System (EWS)	\$ 100.00	Approved as requested.
12	Dams & Hydro	Guajataca Dam - Study/Assessment - Detailed Design - Procurement	Guajataca Dam – Permanent Repairs	\$ 566.00	Approved as requested.
13	Generation	Palo Seco Steam Plant Repairs	Palo Seco Demin Water Tank 4	\$ 2.55	Approved as requested.
14	Dams & Hydro	Patillas Dam - Seismic Retrofit	Patillas Dam – Seismic Retrofit Project	\$ 558.00	Approved as requested.
			<b>TOTAL</b>	<b>\$ 1,376.97</b>	

