

**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 Second Group
of 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^{1,2}. 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”).³

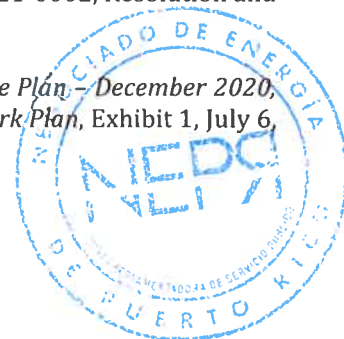
On September 7, 2021, PREPA filed before the Energy Bureau a document titled *Motion to Submit Second Group of Generation Projects Initial SOWs* (“September 7 Motion”). Through the September 7 Motion, PREPA submitted four (4) Exhibits, Exhibits A through Exhibit D, containing initial Scopes of Work (“SOW”) for several generation projects. The Exhibits contain six (6) projects in the categories of generation and dams and hydro of the June 2021 Revised 10-Year Plan.⁴

¹ 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”).

² 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”).

³ 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.

⁴ 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.



II. Evaluation of PREPA's September 7 Motion

As part of the September 7 Motion, PREPA included six (6) Project Scopes of Work (SOW) with Cost Estimates, distributed across Exhibit A through Exhibit D. These projects comprise work related to repairs in the irrigation district, repairs for the dams managed by PREPA, repairs to hydro facilities and a new simple cycle gas turbine at Yabucoa. 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 September 7 Motion contains three (3) SOWs for projects related to the irrigation districts of Isabela, the Lajas Valley and the South Coast. The main objective of these projects is to restore the facilities to pre-disaster function and to approved codes and standards to provide essential water for agriculture irrigation, power and public water supply.

Exhibit B includes an SOW directed to the minor repair work required across the sixteen (16) dams managed by PREPA. As established by PREPA, the work entails site inspections at each dam, architectural and design engineering, and subsequent repair recommendations.

Exhibit C includes an SOW for the procurement and installation of two (2) new simple cycle gas turbines generation units of approximately 20 MW, and the associated supporting infrastructure. These turbines would be able of firing natural gas from LNG as primary fuel and diesel as backup to replace the existing units at the site. PREPA states this project is submitted to replace the New Black Start System at Aguirre project approved by the Energy Bureau on June 8, 2021.⁵

Exhibit D of the September 7 Motion includes an SOW related to reparations to the Toro Negro Hydroelectric System Connection. The work will perform permanent repairs required to ensure reliable water supply to both the local residents and the two impacted hydroelectric power plants.

Upon review of the September 7 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 the New Simple Cycle Gas Turbines at Yabucoa project **SHALL REPLACE** the New Black Start System at Aguirre project approved on June 8, 2021.

⁵ 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.



The Energy Bureau notes this approval represents \$80.81 MM based on the Class 5 Cost Estimates submitted by PREPA through the September 7 Motion.⁶ This amount does not consider the Class 5 Cost Estimate related to the New Simple Cycle Gas Turbines at Yabucoa project, since the same amount was already approved on June 8, 2021.

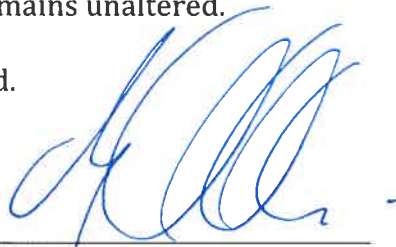
III. Conclusion

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 change, 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 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.



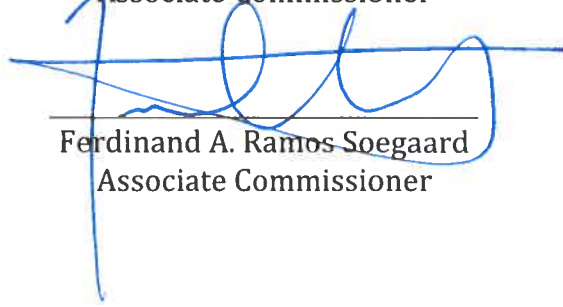
Edison Avilés Deliz
Chairman



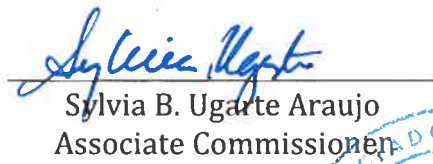
Ángel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

⁶ The Energy Bureau has approved a total of \$8,373.30 MM = \$8,292.49 MM + \$80.81 MM up to date based on the Class 5 Cost Estimates submitted by PREPA and LUMA as part of this process.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on September 28, 2021. I also certify that on September 28, 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 28, 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 28, 2021.



Sonia Seda Gaztambide
Clerk



Attachment A
Projects Approved by the Energy Bureau

	Category	10-Year Infrastructure Plan (June 2021 Update) - Project Name	Initial SOW Document (September 7, 2021) - Project Name	Class 5 Cost Estimate (\$M)	Comments
1	Dams & Hydro	Diversion Canal and Forebay (Isabela)	Isabela Irrigation District - Canals	\$ 15.00	Approved as Requested.
		Main and Aguadilla Canal			
		Moca Canal			
2	Dams & Hydro	Lajas Irrigation Canals	Lajas Valley Irrigation District - Canals	\$ 15.00	Approved as Requested.
		Lajas Lateral Canals			
3	Dams & Hydro	Juana Díaz Canal	South Coast Irrigation District - Canals	\$ 32.22	Approved as Requested.
		Guamani Canal			
		Patillas Canal			
4	Dams & Hydro	Adjuntas Dam, Carite Dam, Coamo Dam, Dos Bocas Dam, Garzas Dam, Guayabal Dam, Guayo Dam, Guineo Dam, Loco Dam, Luchetti Dam, Matrullas Dam, Patillas Dam, Pellejas Dam, Prieto Dam, Viví Dam, Yahuecas Dam	FAASt - Dams Minor Repairs	\$ 3.37	Approved as Requested.
5	Generation		New Simple Cycle Gas Turbines at Yabucoa	\$ 45.20	Project to Replace New Black Start at Aguirre approved on June 8, 2021. Approved as Requested.
6	Dams & Hydro	Toro Negro Hydroelectric System Connection between Splitter Box and Aceitunas Forebay; Toro Negro 2 Penstock; Toro Negro Hydroelectric System Connection (4)	Toro Negro Hydroelectric System Connection	\$ 15.22	Approved as Requested.
TOTAL⁷				\$ 80.81	

⁷ This amount does not consider the Class 5 Cost Estimate related to the New Simple Cycle Gas Turbines at Yabucoa project, since the same amount was already approved on June 8, 2021.

