

**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:**

**LUMA Witnessess' Rebuttal Testimonies**

**LUMA'S MOTION SUBMITTING REBUTTAL TESTIMONIES**

**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 January 14, 2022, the Energy Bureau issued a Resolution and Order amending the procedural calendar in this instant proceeding ("January 14<sup>th</sup> Resolution and Order"). The Energy Bureau ordered LUMA to submit its witnesses' rebuttal testimonies on or before February 1, 2022.

2. On January 28, 2022, LUMA filed *LUMA's Request for an Extension of Time to File Rebuttal Testimonies*. Therein, LUMA informed the Energy Bureau that it expected to file some of its witnesses' rebuttal testimonies by the February 1<sup>st</sup> deadline. However, LUMA disclosed that it understood the remaining witnesses' rebuttal testimonies could not be finalized until LUMA receives the outstanding supplemental responses to the discovery requests issued on the Local Environmental and Civil Organizations ("LECO") and the Independent Consumer Protection Office ("ICPO"). Those supplemental responses are due no earlier than February 4,

2022. Thus, LUMA requested the Energy Bureau to extend the timeframe to submit the rebuttal testimonies to February 17, 2022.

3. On January 31, 2022, the Energy Bureau issued a Resolution and Order granting LUMA until February 17, 2022, to file rebuttal testimonies on the intervenors' pre-filed direct testimonies.

4. In compliance with the January 14<sup>th</sup> and 31<sup>st</sup> Resolutions and Order, LUMA respectfully submits with this motion as **Exhibit 1**, the following pre-filed witnesses' rebuttal testimonies. All of these witnesses are employees of LUMA and are presenting their rebuttal testimony on behalf of LUMA:

- a. Mr. Kalen Kostyk – Manager of Accounting
- b. Mr. Jorge Meléndez – Safety and Training Lead
- c. Mr. Terry Tonsi – Director Lines East
- d. Ms. Melanie J. Jeppesen – Director of Billing Services
- e. Mr. Brent Bolzenius – Director of Vegetation Management

5. In view of the foregoing, LUMA respectfully requests that this Energy Bureau receive and accept the above-described pre-filed witnesses' rebuttal testimonies. As informed in *LUMA's Request for an Extension of Time to File Rebuttal Testimonies*, LUMA will submit the remaining rebuttal testimonies by the February 17<sup>th</sup> deadline.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **receive and accept** some of LUMA's witnesses' rebuttal testimonies; and **deem** that LUMA partially complied with the requirements of this Energy Bureau's Resolutions and Order dated January 14 and 31, 2022, with regards to the pre-filed witnesses rebuttal testimonies.

**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](mailto:jmarrero@diazvaz.law); and Katiuska Bolaños-Lugo, [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law), the Office of the Independent Consumer Protection Office, Hannia Rivera Diaz, [hrivera@jrsp.pr.gov](mailto:hrivera@jrsp.pr.gov), and counsel for the Puerto Rico Institute for Competitiveness and Sustainable Economy ("ICSE"), Fernando Agrait, [agraitfe@agraitlawpr.com](mailto:agraitfe@agraitlawpr.com), counsel for the Colegio de Ingenieros y Agrimensores de Puerto Rico ("CIAPR"), Rhonda Castillo, [rhoncat@netscape.net](mailto:rhoncat@netscape.net), 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), [larroyo@earthjustice.org](mailto:larroyo@earthjustice.org), [rstgo2@gmail.com](mailto:rstgo2@gmail.com), [notificaciones@bufete-emmanuelli.com](mailto:notificaciones@bufete-emmanuelli.com), [pedrosaade5@gmail.com](mailto:pedrosaade5@gmail.com), [jessica@bufete-emmanuelli.com](mailto:jessica@bufete-emmanuelli.com); [rolando@bufete-emmanuelli.com](mailto:rolando@bufete-emmanuelli.com).

In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.



**DLA Piper (Puerto Rico) LLC**  
500 Calle de la Tanca, Suite 401  
San Juan, PR 00901-1969  
Tel. 787-945-9107  
Fax 939-697-6147

*/s/ Margarita Mercado Echegaray*  
Margarita Mercado Echegaray  
RUA NÚM. 16,266  
[margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com)

*/s/ Yahaira De la Rosa Algarín*  
Yahaira De la Rosa Algarín  
RUA NÚM. 18,061  
[yahaira.delarosa@us.dlapiper.com](mailto:yahaira.delarosa@us.dlapiper.com)

*Exhibit 1*

Pre-Filed Rebuttal Testimonies

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

**IN RE:**

PERFORMANCE TARGETS FOR LUMA  
ENERGY SERVCO, LLC

**CASE NO.:** NEPR-AP-2020-0025

Rebuttal Testimony of  
Mr. Kalen Kostyk  
Manager of Accounting, LUMA Energy ServCo. LLC  
February 1, 2022

1   **Q.     Please state your name.**

2   A.     My name is Kalen Kostyk.

3   **Q.     Please state your business mailing address, title, and employer.**

4   A.     My business mailing address is PO Box 363508 San Juan, Puerto Rico 00936-3508. I am  
5         the Manager of Accounting in the Finance Department for LUMA Energy ServCo. LLC.

6   **Q.     Please state your educational background.**

7   A.     I received a Bachelor of Commerce in Accounting and Finance from the University of  
8         Alberta (Edmonton, Alberta, Canada).

9   **Q.     Please state your professional experience.**

10  A.     I have over 9 years of professional experience in utility work. In supporting LUMA, my  
11         work efforts through front-end transition have led to the financial preparation and  
12         consolidation of the financial aspect of the LUMA Initial Budgets filing.

13  **Q.     Please describe your work experience prior to joining LUMA.**

14  A.     In 2012, I joined ATCO Electric, a regulated electric transmission and distribution  
15         company in Alberta, Canada. My work at ATCO has included financial accounting,  
16         regulatory accounting, project accounting, business planning and forecasting, and  
17         contract administration and procurement oversight on a large transmission project. I have  
18         further supported General Tariff Applications and Deferral Account Reconciliation  
19         Applications before the provincial Utilities Commission. My work on regulatory filings  
20         included preparing the initial applications for filing, preparing responses to information  
21         requests, and providing support to expert witnesses in advance of evidentiary hearings.  
22         Prior to joining ATCO, I apprenticed at a public accounting firm, where I obtained my  
23         Canada Professional Accounting designation. In public practice, I participated in audits,

24 reviews, compilations, tax, and other engagements on behalf of clients.

25 **Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau?**

26 A. My testimony is on behalf of LUMA as part of the Puerto Rico Energy Bureau (“Energy  
27 Bureau” or “PREB”), Commonwealth of Puerto Rico Public Service Regulatory Board  
28 proceeding Case No. NEPR-AP-2020-0025, the Performance Targets for LUMA Energy  
29 ServCo, LLC.

30 **Q. Are there any exhibits attached to your testimony?**

31 A. No.

32 **Q. What is the purpose of your rebuttal testimony?**

33 A. To respond to those portions of the pre-filed testimony of Mr. Agustín Irizarry (“Mr.  
34 Irizarry”) on behalf of the Local Environmental and Civil Organizations (“LECO”), filed  
35 on November 16, 2021, in this proceeding, regarding his proposals, recommendations,  
36 and comments on LUMA’s proposed Financial Performance metrics. Further, I will  
37 respond to those portions of the pre-filed testimony of Mr. Gerardo Cosme (“Mr.  
38 Cosme”) on behalf of the Independent Consumer Protection Office (“ICPO”), filed on  
39 November 17, 2021, in this proceeding, also regarding LUMA’s proposed Financial  
40 Performance metrics. Finally, I also testify to support further LUMA’s Performance  
41 Metrics Targets filing of September 24, 2021 (“LUMA’s Performance Metrics Targets”)  
42 on the Operating Budget, Capital Budget: Federally Funded, and Capital Budget: Non-  
43 Federally Funded performance metrics.

44 **Q. Did you consider any documents for your rebuttal testimony?**

45 A. Yes, I did.

46 **Q. Which documents did you consider for your rebuttal testimony?**

- 47 a. LUMA's Performance Metrics Targets Revised filing submitted on September 24,  
48 2021, in this proceeding, Case No. NEPR-AP-2020-0025,
- 49 b. The Resolutions and Orders issued by the Puerto Rico Energy Bureau on April 8,  
50 2021, May 21, 2021, and July 2, 2021, in Case NEPR-MI-2019-0007,
- 51 c. The pre-filed testimony of Mr. Agustín Irizarry of November 16, 2021, filed in this  
52 proceeding, Case No. NEPR-AP-2020-0025 and his expert report, which is an exhibit  
53 of his pre-filed testimony,
- 54 d. The responses provided by Mr. Agustín Irizarry to LUMA's First Set of  
55 Interrogatories and Request for Production of Documents notified on January 13,  
56 2022,
- 57 e. The pre-filed testimony of Mr. Gerardo Cosme of November 17, 2021, filed in this  
58 proceeding, Case No. NEPR-AP-2020-0025,
- 59 f. The responses provided by Mr. Gerardo Cosme to LUMA's First Set of  
60 Interrogatories and Request for Production of Documents, which were notified on  
61 January 5, 2022,
- 62 g. The responses provided by Mr. Gerardo Cosme to the Puerto Rico Energy Bureau's  
63 Requirements for Information notified on December 27, 2021, and
- 64 h. The Puerto Rico Transmission and Distribution System Operation and Maintenance  
65 Agreement of June 22, 2020.

66 **Q. Do you agree with Mr. Cosme's statement on page 4, lines 166-170 of his direct pre-**  
67 **filed testimony that the financial performance metrics proposed by LUMA are**  
68 **incomplete?**

69 **A. No.**

70 **Q. Please explain your response.**

71 A. Mr. Cosme's statement ignores the fact that the total of LUMA's spending equates to the  
72 total of the Operating, Capital Non-Federally, and Capital Federal Funded budgets.  
73 Therefore, the totality of LUMA's spending is included and complete. The methodology  
74 behind calculating the Operating Budget and Capital Budget: Non-Federally Funded are  
75 identical to the budget metrics submitted quarterly to the Energy Bureau in Case No.  
76 NEPR-MI-2019-0007. The Energy Bureau has complete involvement and oversight in  
77 approving the operational and capital budgets and supervises LUMA's spending through  
78 LUMA's quarterly reports on spending, including federal funding activity. Therefore, it is  
79 incorrect to suggest that binary metrics are too incomplete or provide too much  
80 flexibility.

81 **Q. Do you agree with Mr. Cosme's statement on pages 4-5, lines 174-183 of his pre-filed**  
82 **testimony, that the financial performance metrics should include an alignment with**  
83 **specific investments or actions proposed or tied to the particular budget?**

84 A. No.

85 **Q. Please explain your response.**

86 A. The financial performance metrics do not need to include an alignment with specific  
87 investments or actions proposed or tied to the particular budget for the customers to  
88 benefit from a positive outcome. Mr. Cosme refers to programs or initiatives in his  
89 testimony that are reviewed and proposed in detail in a proceeding before the Energy  
90 Bureau in Case No. NEPR-MI-2020-0019 on LUMA's System Remediation Plan  
91 ("SRP"). They are considered by each program manager and their appropriate  
92 departments when setting their budgets for Case No. NEPR-MI-2021-0004 before the

93 Energy Bureau, a proceeding where PREB approved LUMA's budget for FY2022 after  
94 evaluating LUMA's proposed Initial Budgets and Improvement Programs. LUMA's  
95 Improvement Programs, initiatives, and budgets have an individual approval process set  
96 forth by the Energy Bureau.

97 Furthermore, budgets are made at a particular point in time based on the information  
98 available and are adjusted as conditions and circumstances change during operations.

99 Measuring LUMA solely on our progress towards certain specific investments ignores  
100 the natural variability that occurs over time and does not allow LUMA to be agile and  
101 responsive to the conditions as they present themselves while delivering services within  
102 budget.

103 **Q. Do you agree with Mr. Irizarry's recommendation that the Energy Bureau remove**  
104 **any incentive payment to LUMA for staying within its budgets, as set forth on page**  
105 **8, lines 6-7 and page 64, lines 15-16 of his pre-filed testimony?**

106 A. No.

107 **Q. Please explain your response.**

108 A. Part of sound management is the efficient allocation and administration of funds, taking  
109 into account current operating conditions in order to achieve key objectives. Staying  
110 within budget is an important parameter for any business operation. Removing this  
111 incentive would be contrary to basic management principles and would ignore this aspect  
112 of the Operator's performance.

113 **Q. Do you agree with Mr. Irizarry's proposal that a failure to stay within budget**  
114 **should reduce or eliminate LUMA's ability to achieve incentives in other categories,**  
115 **as stated on page 8, lines 7-9, and page 64, lines 16-18 of his direct pre-filed**

116           **testimony?**

117    A.       No.

118    **Q.       Please explain your response.**

119           LUMA's performance categories will be measured cumulatively to determine the  
120           incentive fee earned. The performance categories relate to Customer Satisfaction,  
121           Technical, Safety and Regulatory, and Financial Performance categories. Reducing or  
122           eliminating LUMA's ability to achieve incentives in other categories would mean that the  
123           financial performance metrics will have complete precedence over other important  
124           metrics. Mr. Irizarry's proposal would also be inconsistent with basic principles of utility  
125           performance metrics. First, not meeting a threshold in the budget metric would eliminate  
126           an incentive related to safety, reliability, or customer service. This would create  
127           overlapping incentives. Mr. Irizarry's recommendation would effectively "double-count"  
128           by using LUMA's performance in one metric to reduce the incentive to perform in  
129           another metric. Second, eliminating incentives for improvements in other categories  
130           because of a shortfall in a financial metric would be contrary to customer benefits. It is  
131           possible that an operator could spend over an allotted budget and still perform well in  
132           other metrics. The customer would be receiving the benefits of this performance in other  
133           metrics, so it would be unfair to penalize LUMA twice: once for exceeding budget and  
134           then again by eliminating incentives for other metrics.

135    **Q.       Do you agree with Mr. Irizarry's proposal that the Energy Bureau rejects LUMA's**  
136           **proposal and stays with the 80.4% baseline for the Operating Expenses metric, as**  
137           **stated on page 48, lines 14-20, and page 49, lines 1-2 of his direct pre-filed**  
138           **testimony?**

139 A. No.

140 **Q. Please explain your response.**

141 A. Mr. Irizarry's proposal seems to ignore the context in which the Energy Bureau approved  
142 the 80.4% baseline for the Operating Expenses metric, which derives from data submitted  
143 by PREPA. PREPA underspent its budget while collecting associated revenues and  
144 delivering below standard service. While the Fiscal Year 2020 data PREPA submitted  
145 shows an 80.4% baseline, LUMA's target is to spend 100% of the budget. LUMA's goal  
146 is to use the funds appropriately to build a more robust, resilient utility to provide  
147 customer benefits and meet its obligations under the T&D OMA and energy public  
148 policy. The cumulative impacts of the performance categories drive the desired behavior  
149 to deliver improved service using the funds that were budgeted by LUMA and approved  
150 by PREB. If LUMA is expected to spend approximately 20% below budget, LUMA  
151 would be unable to improve the system to the extent it has planned and based on the  
152 PREB-approved budget and Improvement Programs. With regards to the Operating  
153 Budget, this would equate to not spending more than \$100 million on needed operations  
154 and maintenance of the electrical grid. Consequently, an incentive to underrun the budget  
155 affects the implementation of improvement programs, delays plans, and affects the other  
156 performance metrics outlined in this proceeding, impacting LUMA's ability to perform  
157 and earn what was negotiated in the T&D OMA.

158 Mr. Irizarry's statement fails to consider that the budgets take into account the activities  
159 and programs approved by the Energy Bureau and implemented by LUMA to improve  
160 the reliability and performance of the electrical grid. One example I want to reference is  
161 Vegetation Management. As an initial matter, there is a separate Vegetation Management

budget that is segregated and tracked. In compliance with Law 17, LUMA sets and manages a budget for vegetation management activities. Monies designated for vegetation management cannot be transferred and used in other operations or capital activities. Secondly, if LUMA were to underspend on Vegetation Management, while LUMA may temporarily achieve budget savings, broad system impacts would not benefit LUMA in other areas. Excess vegetation could lead to outages, impacting other performance metrics like SAIDI and SAIFI. Reducing costs in one area could negatively impact other areas, and consequently, LUMA's performance and goals to improve the utility's overall state.

**Q. Do you agree with Mr. Irizarry's proposal that the Energy Bureau impose the "Capital expenses vs. Budget – Transmission & Distribution" metric on LUMA, with a penalty for failure to keep Transmission & Distribution capital expenses under 9.9% of the operating budget, as stated on page 49, lines 4-10 of his direct pre-filed testimony?**

**A.** No.

**Q. Please explain your response.**

The T&D System requires a significant number of programs and initiatives to remediate its state and improve reliability across the island. Those programs and initiatives have been presented to the Energy Bureau and approved in Case No. NEPR-MI-2020-0019, on LUMA's SRP and Case NEPR-MI-2021-0004 on LUMA's Initial Budgets. In its budget, LUMA allocated specific amounts to implement the programs and achieve the performance goals. The Energy Bureau approved the budget and the related programs and goals. As previously mentioned, the budget metrics do not operate alone in a vacuum

but are interconnected with various other levers in the organization. Maintaining the transmission and distribution capital expenses to a set percentage of 9.9% of approved spending would artificially limit the Puerto Rico electric system's much-needed improvement. To my knowledge, no utility would premise a spend on such a metric. System planning and capital spend profiles for utilities change over time, depending on the need for capital investment. The proposal to cap this at a percentage of operating expenditures is not practical and not in line with restoring and transforming the T&D System. LUMA will file its plans to revitalize and operate the system within the fiscal framework of the system but should not be bound to budget capital as a percentage of the operating budget (9.9%). The Energy Bureau will then assess LUMA's proposed budget and approve, modify or reject the filing. This interaction will guide the appropriate mix of capital and operating expenditures to ensure the system is ,revitalized, and operated efficiently.

**Q. Do you agree with Mr. Irizarry's proposal that all budget metrics: Operating Budget, Capital Budget: Federally Funded, Capital Budget: Non-Federally Funded, and Capital expenses vs. Budget – Transmission & Distribution be used only to impose penalties if minimum standards are not met, as stated on page 49, lines 12-17, of his direct pre-filed testimony?**

**A.** No.

**Q. Please explain your response.**

**A.** The proposed financial metrics reward cost control and guide LUMA's behavior to deliver services within the approved budget. This has been negotiated as part of the T&D OMA to incentivize LUMA to achieve the desired behavior, and the punishment for

208 not achieving the metric is a failure to earn the incentive. Furthermore, Mr. Irizarry fails  
209 to recognize that the T&D OMA already has a strong penalty for not operating within its  
210 budget constraints. If LUMA exceeds its Operating Budget for 3 consecutive years, the  
211 T&D OMA can be terminated. With respect to meeting or exceeding the Operating  
212 Budget, the T&D OMA then has both rewards and penalties. Mr. Irizarry's position is  
213 one-sided and does not consider this aspect of the T&D OMA as it relates to budget  
214 control.

215 **Q. Does this complete your testimony?**

216 **A. Yes.**

## ATTESTATION

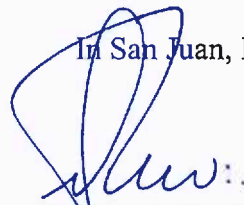
Affiant, Mr. Kalen Kostyk, being first duly sworn, states the following:

The prepared Rebuttal Testimony constitutes my Rebuttal in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that he would give the answers set forth in the Rebuttal Testimony if asked the questions included in the Rebuttal Testimony. Affiant further states that the facts and statements provided herein are his rebuttal testimony and are true and correct to the best of his knowledge.

Att. No. 375

  
Kalen Kostyk

Acknowledged and subscribed before me by Mr. Kalen Kostyk in his capacity as Manager of Accounting of LUMA Energy, of legal age, single, and resident of San Juan, Puerto Rico, who is personally known to me.

  
Public Notary

In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.



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

**IN RE:**

**PERFORMANCE TARGETS FOR LUMA  
ENERGY SERVCO, LLC**

**CASE NO.: NEPR-AP-2020-0025**

**Rebuttal Testimony of  
Mr. Jorge Meléndez  
Safety and Training Lead, LUMA Energy ServCo. LLC  
February 1, 2022**

1    **Q.     Please state your name.**

2    A.     My name is Jorge Meléndez.

3    **Q.     Please state your business mailing address, title, and employer.**

4    A.     My business address PO Box 363508 San Juan, Puerto Rico 00936-3508. I am the Safety  
5           and Training Department Functional Lead at LUMA Energy ServCo. LLC.

6    **Q.     Please state your educational background.**

7    A.     I have a bachelor's degree from Marshall University, WV, with a concentration in  
8           accounting studies.

9    **Q.     Please state your professional experience.**

10   A.     I have approximately twenty-one years of professional experience in Occupational Safety  
11          and Health in the Power and Energy Industry. In 2003, I joined the Quanta Services Safety,  
12          Environmental, Health, and Quality Department as a Corporate Training and Safety  
13          Manager Lead.

14   **Q.     Please describe your work experience prior to joining LUMA.**

15   A.     I have worked for several years developing, evaluating, and maintaining safety programs  
16          throughout all Quanta Services Companies. In addition, I participated and/or led many  
17          incidents investigations.

18   **Q.     On whose behalf are you testifying before the Puerto Rico Energy Bureau.**

19   A.     My testimony is on behalf of LUMA as part of the Puerto Rico Energy Bureau ("Energy  
20          Bureau"), Commonwealth of Puerto Rico Public Service Regulatory Board proceeding  
21          Case No. NEPR-AP-2020-0025, the Performance Targets for LUMA Energy ServCo,  
22          LLC.

23   **Q.     Are there any exhibits attached to your testimony?**

24 A. No.

25 **Q. What is the purpose of your rebuttal testimony?**

26 A. To respond to those portions of the pre-filed testimony of Mr. Agustín Irizarry (“Mr.  
27 Irizarry”), on behalf of the Local Environmental and Civil Organizations (“LECO”), filed  
28 on November 16, 2021, in this proceeding, Case No. NEPR-AP-2020-0025, regarding  
29 LUMA’s proposed work-related safety metrics on OSHA Recordable Incident Rate,  
30 OSHA Fatalities, OSHA Severity Rate, and OSHA DART Rate. Specifically, I will address  
31 Mr. Irizarry’s recommendation number 6 on LUMA’s proposed safety metrics to impose  
32 penalties if minimum standards are not met and that a comparison with similar jurisdictions  
33 should be conducted to establish the minimum standard, set forth on page 8, lines 11-16  
34 and page 64, lines 20-25 of his direct pre-filed testimony, Mr. Irizarry’s testimony and  
35 statements on page 48, lines 1-12 on safety metrics, and his proposal that the Energy  
36 Bureau should adopt public safety metrics in this proceeding, stated on page 25, lines 8-13  
37 of his pre-filed testimony. I also testify to further support LUMA’s Performance Metrics  
38 Targets filing of September 24, 2021 (“LUMA’s Performance Metrics Targets”) on  
39 performance metrics related to safety.

40 **Q. Did you consider any documents for your rebuttal testimony?**

41 A. Yes, I did.

42 **Q. Which documents did you consider for your rebuttal testimony?**

- 43 a. LUMA’s Performance Metrics Targets Revised filing submitted on September 24,  
44 2021, in this proceeding, Case No. NEPR-AP-2020-0025,
- 45 b. The Resolutions and Order issued by the Puerto Rico Energy Bureau on April 8, 2021,  
46 May 21, 2021, and July 2, 2021, in Case NEPR-MI-2019-0007,

- 47 c. The pre-filed testimony of Mr. Agustín Irizarry of November 16, 2021, filed in this  
48 proceeding, Case No. NEPR-AP-2020-0025 and his expert report, which is an exhibit  
49 of his pre-filed testimony,
- 50 d. The responses provided by Mr. Agustín Irizarry to LUMA's First and Second Sets of  
51 Interrogatories and Requests for Production of Documents notified on January 13,  
52 2022, and
- 53 e. Published Inspection Report by the Occupational Safety and Health Administration  
54 (OSHA) found publicly online in the following link  
55 [https://www.osha.gov/pls/imis/establishment.inspection\\_detail?id=1522938.015](https://www.osha.gov/pls/imis/establishment.inspection_detail?id=1522938.015).

56 **Q. Do you agree with recommendation number 6 by Mr. Irizarry on page 8, lines 11-14,**  
57 **page 48, lines 8-10, and page 64, lines 20-23 of his pre-filed testimony, where he**  
58 **proposes that the safety metrics be used only to impose penalties if minimum**  
59 **standards are not met?**

60 A. No.

61 **Q. Please explain your response.**

62 A. I disagree with Mr. Irizarry's recommendation that the Energy Bureau impose penalties in  
63 connection with the safety metrics. First, like all utilities and other employers, LUMA falls  
64 under OSHA regulations and is subject to penalties and fines for noncompliance.  
65 Imposition of additional penalties will not promote incremental improvement in  
66 performance and could instead amount to double or multiple penalties. Second, LUMA's  
67 proposed safety metrics serve purposes different from those served by penalties, such as  
68 the ones OSHA has authority to impose. Incentives for safety metrics encourage the utility  
69 to improve safety metrics beyond the minimum threshold, whereas penalties are only useful

for deterring poor performance in this area. LUMA's proposed metrics, baselines, and targets will allow LUMA and the Energy Bureau to assess LUMA's safety performance over time. The purpose of the performance metrics is to measure performance, not to deter conduct which is the main purpose served by penalties. Fourth, LUMA's Performance Metrics Targets on safety, submitted for consideration by the Puerto Rico Energy Bureau, were adopted within the competitive negotiated processes conducted by the Puerto Rico Public-Private Partnerships Authority that led to the execution of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement of June 22, 2020 (T&D OMA). Per Section 14.1 (k) of the T&D OMA and as explained in the Revised Annex IX to the T&D OMA, the T&D OMA can be canceled for failure to meet three (3) Key Performance Metrics (including OSHA Fatalities and OSHA Severity Rate) during three (3) or more consecutive Contract Years provided that no such failure shall have been excused by a Force Majeure Event, an Outage Event or Owner Fault. This is the severest of penalties. To my knowledge, other utilities do not face a similar type of penalty. The proposed Key Performance Metric on OSHA fatalities with a baseline and target of zero (0) fatalities, is a good example of the unsoundness of Mr. Irizarry's proposal that penalties be imposed if minimum standards are not met. This Key Performance Metric tracks all work-related recordable incidents. For example, if LUMA were to experience a higher recordable incidents rate than described in the baseline during three consecutive Contract Years LUMA could be faced with the harshest of penalties, which is the cancellation of the T&D OMA, it is unreasonable to advocate for the imposition of an additional penalty. The additional penalty proposed by Mr. Irizarry serves no purpose and does not further performance-based incentives interests.

93 **Q. Do you agree with Mr. Irizarry's recommendation on page 8, lines 14-16, page 48,**  
94 **lines 10-12, and page 64, lines 23-25 of his pre-filed testimony that Puerto Rico OSHA**  
95 **rules should be consulted and a comparison with similar jurisdictions should be**  
96 **conducted to establish the minimum standard?**

97 A. No.

98 **Q. Please explain your response.**

99 A. OSHA does not set minimum performance standards, baselines, or targets to impose  
100 penalties. OSHA is not in the business of setting specified percentages in the reduction of  
101 recordable incidents or fatalities that a utility must meet. OSHA sets standards that must  
102 be met. On a case-by-case basis, OSHA investigates recordable incidents and imposes  
103 penalties if it determines that the employer incurred violations. Also, OSHA does not  
104 impose penalties for all recordable incidents, nor does OSHA impose penalties for failure  
105 to meet minimum performance standards. Lastly OSHA standards in Puerto Rico are  
106 consistent with other OSHA jurisdictions. Mr. Irizarry is mistaken in suggesting that  
107 Puerto Rico OSHA rules or those in other jurisdictions should be consulted to establish  
108 minimum performance standards to impose penalties on LUMA.

109 **Q. Please provide an example of circumstances in which an incident recordable with**  
110 **OSHA occurs, but OSHA does not impose a penalty against the employer or utility.**

111 A. One published example is found publicly in the OSHA website,  
112 [https://www.osha.gov/pls/imis/establishment.inspection\\_detail?id=1522938.015](https://www.osha.gov/pls/imis/establishment.inspection_detail?id=1522938.015), for  
113 Black Warrior Electric Membership Corporation, where OSHA investigated a fatality in  
114 the workplace and closed its investigation without imposing a penalty on the employer as  
115 there were no findings of an OSHA violation, which was an electric power utility.

116 Q. Do you agree with Mr. Irizarry's statement on page 48, lines 1-6 of his pre-filed  
117 testimony, that the purpose of employee safety (labor safety) is to ensure that  
118 employees are not subjected to excessive risks?

119 A. No.

120 Q. Please explain your response.

121 A. The statement on avoidance of excessive risks is incorrect. The term "excessive risks"  
122 employed by Mr. Irizarry is not part of OSHA's framework nor, in my experience, used in  
123 the utility industry to measure safety performance by a utility. In my experience, OSHA  
124 seeks to eliminate all risks. LUMA's safety metrics are designed to induce performance in  
125 a manner that eliminates all risks.

126 Q. Do you have a response to Mr. Irizarry's statement on page 48, lines 2-4, that it is a  
127 very bad idea to provide a financial incentive to a company for merely complying with  
128 basic moral, legal, and ethical obligations such as employee safety?

129 A. Yes.

130 Q. Please explain your response.

131 A. Safety incentive metrics help utilities encourage employees to share the organization's  
132 goals for safety for all employees. Incentives utilize objective historical data designed to  
133 meet performance standards on safety, bearing in mind legal and regulatory standards.  
134 LUMA's performance metrics on safety are designed to track performance according to  
135 applicable OSHA requirements and to comply with Puerto Rico public policy to provide  
136 safe electric power services, which safety starts with LUMA's employees.

137 Q. Do you agree with Mr. Irizarry's proposal that the Energy Bureau consider and  
138 approve a public safety metric on *Incidents, Injuries, and Fatalities*, which purpose is

139           **described as an “indicator of incidents, injuries and fatalities associated contact with**  
140           **the electric system by members of the public,” as stated on page 25, lines 8-13 of his**  
141           **pre-filed testimony?**

142    A.    No.

143    **Q.    Please explain your response.**

144    A.    The safety of the public is very important to LUMA. As a result, LUMA has and will  
145           continue to invest specifically in the education of the public regarding electrical safety.  
146           However, LUMA cannot control the behaviors of third-party contractors and the public  
147           with respect to the electric power system. Incidents due to public wrongdoing violation do  
148           not imply any LUMA wrongdoing. For many public safety incidents, legal processes are  
149           conducted to determine responsibility after an extensive review of the relevant facts, and  
150           the process may take an extended period. As a result, LUMA strongly feels that public  
151           safety is not conducive to metric setting and should not be considered in this proceeding.  
152           Additionally, LUMA’s Performance Metrics Targets were adopted within the competitive  
153           negotiated processes that resulted in the execution of the T&D OMA and revised in  
154           accordance with the procedures set forth in the T&D OMA. LUMA’s proposal does not  
155           envision adding public safety metrics for the first three years of operations further than  
156           what is proposed in the T&D OMA. The public safety metric category proposed by Mr.  
157           Irizarry on incidents, injuries, and fatalities is not aligned with the T&D OMA.

158    **Q.    Does this complete your testimony?**

159    A.    Yes.

## ATTESTATION

Affiant, Mr. Jorge Meléndez, being first duly sworn, states the following:

The prepared Rebuttal Testimony constitutes my Rebuttal Testimony in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that he would give the answers set forth in the Rebuttal Testimony if asked the questions that are included in the Rebuttal Testimony. Affiant further states that the facts and statements provided herein is his direct testimony and, to the best of his knowledge, are true and correct.

Aff. No. 373

Jorge Meléndez

Acknowledged and subscribed before me by Mr. Jorge Meléndez, in his capacity as Safety and Training Lead of LUMA Energy ServCo. LLC, of legal age, legally married and resident of Loíza, Puerto Rico, who is personally known to me.

In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.

Public Notary



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

**IN RE:**

**PERFORMANCE TARGETS FOR LUMA  
ENERGY SERVCO, LLC**

**CASE NO.: NEPR-AP-2020-0025**

**Rebuttal Testimony of  
Mr. Terry Tonsi  
Director Lines East, LUMA Energy ServCo. LLC  
February 1, 2022**

1    **Q.     Please state your name.**

2    **A.     My name is Terry Tonsi.**

3    **Q.     Please state your business address, title, and employer.**

4           My business address is PO Box 364267, San Juan Puerto Rico, 00936-4267. I am the  
5           Director Lines East, in the Operations Department for LUMA Energy ServCo. LLC  
6           (hereinafter referred to as “LUMA” or “The Company”).

7    **Q.     On whose behalf are you testifying before the Puerto Rico Energy Bureau (the**  
8           **“Energy Bureau”).**

9    **A.     My testimony is on behalf of LUMA as part of the Commonwealth of Puerto Rico Public**  
10           Service Regulatory Board Puerto Rico Energy Bureau (“Energy Bureau”) proceeding  
11           NEPR-AP-2020-0025, addressing Performance Targets for LUMA.

12   **Q.     Are there any exhibits attached to your testimony?**

13   **A.     No.**

14   **Q.     What relevant training have you received for your duties related to this rebuttal**  
15           **testimony at LUMA?**

16   **A.     I have completed Federal Emergency Management Agency (“FEMA”) Emergency**  
17           Management Institute Incident Command System (ICS) Training (100, 200, 300, 400, 700  
18           and 800), have the Journeyman Lineman Red Seal Canada, and received the Northern  
19           Lakes College NLC Essential Skill for Supervisors Diploma.

20   **Q.     What is your professional experience?**

21   **A.     I have approximately 35 years of professional experience in the electric utility industry,**  
22           starting as a Power Lineman at ATCO Electric, and progressing to increased levels of  
23           responsibility, with 14 years leading large groups of employees and specific experience in

Emergency Response Management.

**Q. Please describe your work experience prior to joining the LUMA?**

A. I worked for ATCO Electric for 32 years in various management operations, operating construction, and customer service positions, serving Alberta, Canada's transmission and distribution system. Of note, I served as Incident Commander for ATCO Electric during two major events: the 2011 Slave Lake Wildfire and the 2015 Fort McMurray Wildfire. For context, the 2011 Slave Lake Wildfire resulted in over \$700 million dollars in damages which was one of the country's costliest disasters.<sup>1</sup> The 2015 Fort McMurray Wildfire, similarly, was one of the largest natural disasters in Canada's history resulting in 88,000 residents evacuating and \$2.6 billion in insured damages.<sup>2</sup> Related to these activities, I operated as a volunteer fire fighter and Captain for the Slave Lake Regional Fire Services for 25 years.

**Q. Have you previously testified or made presentations before the Puerto Rico Energy Bureau (PREB)?**

A. Yes. I have testified before the Energy Bureau as part of the System Remediation Plan Technical Conference (NEPR-MI-2020-0019) on May 14, 2021, and May 17, 2021, and in the Emergency Response Plan Proceeding on September 2, 2021 (NEP-MI-2019-0006).

**Q. What is the purpose of your rebuttal testimony?**

A. To respond to those portions of the pre-filed testimony of Mr. Gerardo Cosme ("Mr. Cosme"), on behalf of the Independent Consumer Protection Office ("ICPO"), filed on November 17, 2021, in this proceeding, Case No. NEPR-AP-2020-0025, regarding

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<sup>1</sup> Collette Derworiz, *5 Things to Know about the 2011 Slave Lake wildfire* (May 9, 2021), <https://globalnews.ca/news/7846985/slave-lake-wildfire-5-things-to-know/>.

<sup>2</sup> Jessica Murphy, Fort Mc. Murray, One Year after the Massive Wildfire known as "The Beast," (May 2, 2017), <https://www.bbc.com/news/world-us-canada-39726483>.

LUMA's proposed Major Outage Event performance metrics ("MOE metrics"). Further, I will respond to those portions of the pre-filed testimony of Mr. Agustín Irizarry ("Mr. Irizarry") on behalf of the Local Environmental and Civil Organizations ("LECO"), filed on November 16, 2021, in this proceeding, where he proposes public safety metrics. Finally, I also testify to support further LUMA's Performance Metrics Targets filing of September 24, 2021 ("LUMA's Performance Metrics Targets") on the MOE metrics.

**Q. Did you consider any documents for your rebuttal testimony?**

A. Yes, I did.

**Q. Which documents did you consider for your rebuttal testimony?**

- a. LUMA's Performance Metrics Targets Revised filing submitted on September 24, 2021, in this proceeding, Case No. NEPR-AP-2020-0025,
- b. The pre-filed testimony of Mr. Agustín Irizarry of November 16, 2021, filed in this proceeding, Case No. NEPR-AP-2020-0025 and his expert report, which is an exhibit of his pre-filed testimony,
- c. The responses provided by Mr. Agustín Irizarry to LUMA's First Set of Interrogatories and Request for Production of Documents notified on January 13, 2022,
- d. The pre-filed testimony of Mr. Gerardo Cosme of November 17, 2021, filed in this proceeding, Case No. NEPR-AP-2020-0025,
- e. The responses provided by Mr. Cosme to LUMA's First and Second Sets of Interrogatories and Requests for Production of Documents, which were notified on January 5, 2022, and January 13, 2022, respectively,
- f. The responses provided by Mr. Cosme to the Puerto Rico Energy Bureau's Requirements for Information notified on December 27, 2021,

68 g. The Puerto Rico Transmission and Distribution System Operation and Maintenance  
69 Agreement of June 22, 2020.

70 h. Collette Derworiz, 5 Things to Know about the 2011 Slave Lake wildfire (May 9,  
71 2021), and

72 i. Jessica Murphy, Fort Mc. Murray, One Year after the Massive Wildfire known as “The  
73 Beast,” (May 2, 2017).

74 **Q. Do you have a response to Mr. Irizarry’s statement on page 22, lines 13-14 of his pre-**  
75 **filed testimony that public safety measures are absent in LUMA’s proposal of**  
76 **performance metrics and his proposal on page 25 that public safety metrics be**  
77 **considered by the Energy Bureau.**

78 A. Yes

79 **Q. Please explain your response.**

80 A. LUMA doesn’t think a specific public safety metric is required due to several reasons.  
81 First, within the MOE metrics there are multiple existing statistics or measures that ensure  
82 that LUMA is focused on the safety of the public, emphasizing communication with the  
83 public regarding safety around utility facilities and work sites. One includes the Preparation  
84 Phase, which is a metric composed of several steps to provide timely and accurate  
85 emergency event preparation following an emergency alert or similar occurrence in  
86 accordance with the Emergency Response Plan (ERP). Per the Preparation Phase metric,  
87 LUMA must provide various public notifications advising of a pending storm event,  
88 potential affected areas and what precautions should be considered. LUMA will also ensure  
89 that lines of communication are established with the Puerto Rico Emergency Management  
90 Bureau Regional Offices of the Puerto Rico Emergency Management Bureau, as well as

with federal, local, municipal and other governmental entities. Another MOE metric is Downed Wires, which is a metric that addresses the response time between a reported downed wire, either when entered into the Customer Information System or through the Emergency Operations Center, and the initiation of appropriate action to ensure that LUMA responds as quickly as possible to eliminate a risk to public safety. Finally, training is and will be provided to our internal employees as well as first responders. This LUMA-led training is intended to educate employees and first responders about the hazards of electricity, how to identify a dangerous situation and how to protect themselves and the public. LUMA trains local first responders as described in LUMA's ERP and through presentations that provide instruction on steps to reduce the risk of suffering an accident with electric power lines and prepare first responders so that they can protect the public on unsafe electrical conditions or downed wires. These are just a few examples within the MOE metrics that support the safety of the public as LUMA's top priority and demonstrate how LUMA's performance regarding public safety will be measured.

**Q. Do you agree with the proposal by Mr. Irizarry on page 25, lines 14-15 of his pre-filed testimony that the Energy Bureau should consider a metric on emergency response time as an indicator of speed of response to emergency situations involving the electric system (percent of electric emergency responses within 60 minutes each year)?**

**A. No.**

**Q. Please explain your response.**

**A. Mr. Irizarry's proposal does not consider the realities of utility emergency restoration or LUMA's operations and ignores LUMA's ERP. The proposed metric on response to an emergency involving the electrical system implies that LUMA is notified of an emergency,**

114 and the crew arrives at the emergency scene in less than 60 minutes. As stated in Table 2-  
115 24 of LUMA's Performance Metric Targets filing, the reasonable time to respond to  
116 downed wires reported by municipal public officials depends on the event categorization,  
117 with 18 hours for an event categorization of 3 to 5 days, 36 hours for an event categorization  
118 of 5 to 10 days and 60 hours for an event categorization of more than 10 days. LUMA will  
119 respond within a reasonable time per the event categorization. But the proposed response  
120 time of 60 minutes for emergencies involving the electric system is not reasonable, nor  
121 achievable by a utility during a significant event. It should be further noted that no utility  
122 could reasonably respond to a significant event in 60 minutes.

123 The range of events that could impact Puerto Rico and the Transmission and Distribution  
124 System ("T&D System") are dependent on variables caused by an emergency. In some  
125 cases, a serious event is likely to cause multiple emergencies. Further Mr. Irizarry's  
126 proposal does not consider the safety of LUMA employees. In the event an emergency  
127 scene is still actively dangerous, LUMA should not put its employees into harm's way as  
128 doing so could aggravate the situation. In these kinds of situations an emergency scene  
129 must first be made safe by emergency response organizations before repair work on the  
130 T&D System can begin. Mr. Irizarry's proposal also does not consider National Incident  
131 Management System (NIMS) methodology<sup>3</sup> which prioritizes different emergencies and  
132 provides guidelines around different response times. Lastly, Mr. Irizarry has provided no  
133 evidence for the 60-minute baseline in his proposal.

134 **Q. Do you agree with Mr. Cosme's testimony on page 5, lines 199-202 where he opposes**

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<sup>3</sup> NIMS "guides all levels of government, nongovernmental organizations and the private sector to work together to prevent, protect against, mitigate, respond to and recover from incidents."  
<https://www.fema.gov/emergency-managers/nims>.

the MOE metrics because of the effort and resources required to track and evaluate these performance metrics during a MOE?

A. No.

Q. Please explain your response.

A. First, in selecting a private operator for Puerto Rico's Transmission and Distribution System and signing the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA"), the Government of Puerto Rico determined that the MOE metrics were consistent with energy public policy. The MOE metrics were negotiated as part of the T&D OMA and are based on the New York Public Service Commission (NYPSC) Order. LUMA was asked to follow the NYPSC Major Event Scorecard as best as possible. The NYPSC Scorecard applies to 6 utilities: Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, New York State Electric and Gas Corporation, Niagara Mohawk d/b/a National Grid, Orange and Rockland Utilities Inc., and Rochester Gas and Electric Corporation.

Second, tracking these metrics are part of prudent management of outages. In my opinion, the industry will start to see more utilities with MOE metrics. Metrics like these incentivize utilities to be better prepared and have an optimal response during major events as disasters become more frequent across the world. In LUMA's Emergency Operations Center ("EOC") the Planning and Intelligence Section tracks the MOE metrics. Tracking, monitoring and measuring these metrics is essential as they act as a road map to provide LUMA with valuable tracking mechanisms throughout a major event and enables LUMA to prioritize key objectives. Further, the MOE metrics allow LUMA to perform a post-event debrief and review its response in order to improve over time.

158 **Q. Please explain the importance of the MOE Metrics.**

159 A. The MOE metrics serve important public policy and safety purposes. The MOE metrics  
160 guide LUMA on the phases of an emergency Mitigation, Preparedness, Response and  
161 Recovery. These metrics will support LUMA's emergency response efforts and increase  
162 communications both internally and externally, in addition to ensuring that resources are  
163 in place throughout the event. The MOE metrics are incorporated within LUMA's ERP  
164 Restoration Annex to ensure the steps are followed. In essence the metrics support the  
165 road map for response, as mentioned previously.

166 **Q. Do you agree with Mr. Cosme's statement on page 5, lines 206-208 of his pre-filed**  
167 **testimony that "a better incentive is to recover normal operational status as soon as**  
168 **possible in order to start providing services and produce associated revenues."?**

169 A. No. I disagree for several reasons.

170 **Q. Please explain your disagreement.**

171 A. First, during a significant event not all customer loads will be restored as soon as electrical  
172 service is repaired. It will depend on damages to customers' property, generation capacity,  
173 businesses choosing to reopen, among others. Second, as directed in the NIMS framework  
174 provided by FEMA, which is incorporated in LUMA's ERP and Restoration Annex,  
175 restoration of Community Lifelines must occur before other loads or businesses. NIMS  
176 guides all levels of government, nongovernmental organizations and the private sector to  
177 work together to prevent, protect against, mitigate, respond to and recover from incidents.  
178 If the utility was measured on producing revenue after a major outage event, it would focus  
179 on large industrial loads versus hospitals, radio towers, Residential Lifeline Customers,  
180 and medically dependent customers, among others. Third, during a major event, an

electrical utility's first priority is the safety of the employees and public. The utility must focus on downed powerlines and dangerous situations before any restoration of service. LUMA should not be incentivized to turn on the power when it is not safe to do so. The measurement suggested by Mr. Cosme might have unintended consequences by rewarding the utility for putting financial concerns ahead of public safety.

**Q. Do you agree with the recommendation made by Mr. Cosme on page 5, lines 210-220 and page 6 lines 221-227 of his pre-filed testimony that the MOE metrics on Preparation Phase, Downed Wires, Damage Assessment, Crewing, Municipality Coordination, Municipal EOC Coordination PR and Federal EOC Coordination, Utility Coordination, Safety and Mutual Assistance, are inspection or planning related steps and that positive or negative outcomes on these steps will be ETR (Estimated Time of Restoration) and ETR accuracy?**

**A. No.**

**Q. Please explain your response.**

**A.** I disagree with Cosme's interpretation that the MOE metrics on Preparation Phase, Downed Wires, Damage Assessment, Crewing, Municipality Coordination, Municipal EOC Coordination PR and Federal EOC Coordination, Utility Coordination, Safety and Mutual Assistance, should be perceived as inspection or planning related steps related to ETR and ETR accuracy. ETR gives awareness of when power will be restored and is about communications and making customers aware on estimated timing for their electrical service to be restored. ETR Accuracy measures how often LUMA hits the mark of the ETR informed to customers. In contrast, LUMA's MOE metrics are designed to measure LUMA's overall response to a Major Outage Event ("MOE"). The MOE metrics, described

in LUMA's Performance Metrics Targets filing, serve independent and important measurable objectives on LUMA's efficacy in responding overall to a MOE. They are not steps to measure ETR and ETR accuracy.

**Q. Do you agree with the recommendation made by Mr. Cosme on page 6, lines 228-229 of his pre-filed testimony that of the MOE metrics proposed by LUMA, the Energy Bureau should only approve metrics on ETR and ETR accuracy?**

A. In my opinion, ETR metrics and the other MOE metrics proposed by LUMA have two distinct purposes during LUMA's Emergency Response and they should not replace each other. Good emergency management organizations have a guiding principle of being proactive versus reactive. As soon as the focus turns to reactive, the responders start losing control and it has negative impacts to the overall response. I see Mr. Cosme's focus on ETRs only as an example of reactive response versus the overall MOE metrics that have an impact on the overall response to a MOE. The MOE metrics that Mr. Cosme suggests should be rejected and will not help LUMA be more prepared to respond to an emergency and provide a coordinated response. Further, Mr. Cosme does not provide support for his proposal that the Energy Bureau should only approve the ETR metrics. All the MOE metrics were agreed upon by the parties to the T&D OMA and should be approved as metrics for payment of the incentive set forth in the T&D OMA.

**Q. Do you agree with Mr. Cosme's recommendation on page 6, lines 229-230 of his pre-filed testimony that the PREB approve ETR metrics for monitoring purposes and not as incentive metrics?**

A. No.

**Q. Please explain your response.**

227 A. LUMA agrees with Mr. Cosme that Estimated Time of Restoration is an important action.  
228 It is important for a utility to provide superior customer service. The more information a  
229 utility can provide about the restoration of a customer's electricity, the more satisfied the  
230 customer will be. This information is even more important during a major event or  
231 prolonged outage, as seen during hurricane María. During hurricane María, standby  
232 generation across the island was limited as the FEMA and businesses were trying to assign  
233 and relocate these units to meet the demand of key services. This caused wasted effort as  
234 these backup generator units were not coordinated with the overall utility restoration plan.  
235 ETR information can give customers and first responders data to support appropriate  
236 allocation of resources. That is why the T&D OMA includes within the MOE metrics two  
237 ETR metrics that LUMA submitted for approval by the Energy Bureau. Mr. Cosme does  
238 not provide support for his proposal that the ETR metrics are not proper for payment of an  
239 incentive to LUMA or that the proposed metrics on ETR should only be approved for  
240 monitoring purposes. His proposal is contrary to the T&D OMA and to his own testimony  
241 that places a premium on ETR metrics.

242 **Q. Does this complete your testimony?**

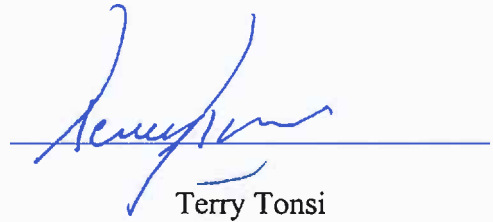
243 A. Yes.

## ATTESTATION

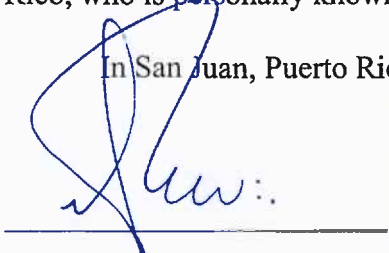
Affiant, Mr. Terry Tonsi, being first duly sworn, states the following:

The prepared Rebuttal Testimony constitutes my testimony in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that he would give the answers set forth in the Rebuttal Testimony if asked the questions that are included in the Rebuttal Testimony. Affiant further states that the facts and statements provided herein is her rebuttal testimony and, to the best of his knowledge, are true and correct.

Aff. No. 374

  
Terry Tonsi

Acknowledged and subscribed before me by Mr. Terry Tonsi in his capacity as Director Lines East, LUMA Energy ServCo LLC, of legal age, married, and resident of San Juan, Puerto Rico, who is personally known to me.

  
In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.

Public Notary



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

**IN RE:**

**PERFORMANCE TARGETS FOR LUMA  
ENERGY SERVCO, LLC**

**CASE NO.: NEPR-AP-2020-0025**

**Rebuttal Testimony of  
Ms. Melanie J. Jeppesen  
Director of Billing Services, LUMA Energy ServCo LLC  
February 1, 2022**

1    **Q.    Please state your name.**

2    A.    My name is Melanie J. Jeppesen.

3    **Q.    Please state your business mailing address, title, and employer.**

4    A.    My business mailing address is PO Box 363508 San Juan, Puerto Rico 00936-3508. I am  
5    the Director of Billing Services, in the Customer Experience department for LUMA  
6    Energy ServCo LLC.

7    **Q.    Please state your educational background.**

8    A.    I received a Bachelor of Science degree in Interdisciplinary Sciences from South Dakota  
9    School of Mines & Technology focused on Science, Technology & Society in 2009.

10   **Q.    Please state your professional experience.**

11   A.    I have approximately ten years of professional experience in the regulated utility  
12   industry.

13   In 2021, I joined LUMA Energy's Customer Experience department as a Director of  
14   Billing Services. Prior to LUMA, I worked in regulated utility for approximately ten  
15   years and private businesses for four, including a financial services company and a small  
16   manufacturing start-up company.

17   **Q.    Please describe your work experience prior to joining LUMA.**

18   A.    Prior to moving to Puerto Rico to work for LUMA Energy, I served as the Director for  
19   Customer and Community Solutions for Black Hills Energy in Colorado, an electric and  
20   gas utility, serving approximately 1.3 million customers. In my experience with the Black  
21   Hills Energy utility, I also worked as a Special Projects Manager in Colorado, supporting  
22   Operations, Customer Service, Community Affairs, Governmental Affairs, Legal,  
23   Finance, and Environmental Services on project management. Prior to working as a

24 Specials Project Manager, I was the Manager of Customer Operations for Black Hills  
25 Energy utility in South Dakota. As Manager of Customer Operations, I oversaw two  
26 departments with regulated and non-regulated business functions, including customer  
27 service. My first role with Black Hills Energy was as a Rates and Regulatory Analyst in  
28 our corporate office. I supported revenue requirement adjustment clause filings, rate  
29 review filings, annual reports, and other filings.

30 **Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau.**

31 A. My testimony is on behalf of LUMA as part of the Puerto Rico Energy Bureau (“Energy  
32 Bureau”), Commonwealth of Puerto Rico Public Service Regulatory Board proceeding  
33 Case No. NEPR-AP-2020-0025, the Performance Targets for LUMA Energy ServCo,  
34 LLC.

35 **Q. What is the purpose of your rebuttal testimony?**

36 A. To respond to those portions of the pre-filed testimony of Ms. Beatriz González (“Ms.  
37 González”), on behalf of the Independent Consumer Protection Office (“ICPO”), filed on  
38 November 17, 2021, in this proceeding, regarding LUMA’s proposed metric on Customer  
39 Complaint Rate. Further, I will respond to those portions of the pre-filed testimony of  
40 Mr. Agustín Irizarry (“Mr. Irizarry”) on behalf of the Local Environmental and Civil  
41 Organizations (“LECO”), filed on November 16, 2021, in this proceeding, also regarding  
42 LUMA’s proposed metric on Customer Complaint Rate. I will address Mr. Irizarry’s  
43 recommendation that the Energy Bureau include both initial and formal complaints in the  
44 Customer Complaint Rate metric and impose a penalty on LUMA if the actual initial  
45 complaints in the Fiscal Year 2020 exceed the baseline figure set by the Energy Bureau  
46 of 841, as outlined on page 47, lines 13-15 of his testimony. Finally, I also testify to

support further LUMA's Performance Metrics Targets filing of September 24, 2021 ("LUMA's Performance Metrics Targets") on the Customer Complaint Rate metric.

**Q. Did you consider any documents for your rebuttal testimony?**

A. Yes, I did.

**Q. Which documents did you consider for your rebuttal testimony?**

- a. LUMA's Performance Metrics Targets Revised filing submitted on September 24, 2021, in this proceeding, Case No. NEPR-AP-2020-0025,
- b. The Resolutions and Order issued by the Puerto Rico Energy Bureau on April 8, 2021, May 21, 2021, and July 2, 2021, in Case NEPR-MI-2019-0007,
- c. The pre-filed testimony of Mr. Agustín Irizarry of November 16, 2021, filed in this proceeding, Case No. NEPR-AP-2020-0025 and his expert report, which is an exhibit of his pre-filed testimony,
- d. The responses provided by Mr. Agustín Irizarry to LUMA's First Set of Interrogatories and Request for Production of Documents notified on January 13, 2022,
- e. The pre-filed testimony of Ms. Beatriz González of November 17, 2021, filed in this proceeding, Case No. NEPR-AP-2020-0025,
- f. The responses provided by Ms. Beatriz González to LUMA's First and Second Sets of Interrogatories and Requests for Production of Documents, which were notified on December 15, 2021, and January 18, 2022, respectively, and
- g. The responses provided by Ms. Beatriz González to the Puerto Rico Energy Bureau's Requirements for Information notified on December 27, 2021.

**Q. Do you agree with Ms. González proposal that the Complaint Rate metric should**

consider all claims, informal and formal, as stated on page 5, lines 59-62 of her direct pre-filed testimony?

A. No.

**Q. Please explain your response.**

A. I disagree with Ms. González's proposal that the Complaint Rate metric should consider all claims, whether informal or formal. First, Act 57 claims are informal claims filed with the utility that often include many inquiries or requests for redress on issues not typically in LUMA's control, such as a customer's high consumption. For example, a customer files an informal Act 57 claim about why they believe their consumption is inaccurate because the customer believes that the total cost is too high. According to available data that I have reviewed, the majority of the Act 57 claims are because a customer has used more electricity than previous periods or the customer did not consider the impacts of the changing costs of electricity that are built into rates through the FCA and PPCA riders, or other tariff adjustments that are not set or controlled by LUMA. In my utility experience, customers contacting a utility due to a high-bill complaint is typically due to high consumption. Thus, these customers often believe that there is a mistake in metering or billing due to an increase in their overall bill, despite the cause being a change in rates unrelated to billing or metering. Act 57 claims are addressed by first analyzing the customer's account and consumption and then spending additional time communicating with a customer about their bill or consumption patterns. As shown below, 58% of Act 57 claims the Puerto Rico Electric Power Authority ("PREPA") tracked during 2017 to 2020 were due to high consumption as a broad category. In 2018, Act 57 claims due to high consumption comprised about 71% of the tracked claims for

that year.

Reason for Act 57 Claim	2017	2018	2019	2020	2017 - 2020 Total
Ajuste ( <i>Adjustment</i> )	1,007	3,316	2,604	3,308	10,235
Alto consumo ( <i>High Consumption</i> )	6,484	30,463	5,488	5,620	48,055
Balance en transferencia ( <i>Balance Transfer</i> )	191	418	165	134	908
Cambio de tarifa ( <i>Rate Change</i> )	166	523	138	191	1,018
Cargos administrativos / miscelaneos ( <i>Admin / Misc Charges</i> )	401	1,951	520	489	3,361
Cargos por pago tardio ( <i>Late Fees</i> )	220	448	132	143	943
Factura estimada ( <i>Estimated Invoice</i> )	7,135	5,494	2,408	2,888	17,925
<b>Grand Total</b>	<b>15,604</b>	<b>42,613</b>	<b>11,455</b>	<b>12,773</b>	<b>82,445</b>
Alto consumo % of Grand Total	42%	71%	48%	44%	58%

For these reasons, LUMA disagrees with the proposal that the Customer Complaint Rate metric should consider Act 57 claims. The metric to measure LUMA's performance should consider what is reasonably in LUMA's control to manage or correct.

Second, a metric for Customer Complaint Rate that includes both Act 57 claims and formal (NEPR-QR) complaints may result in a double-counting of claims. A customer may first attempt to resolve their concerns with LUMA, which in this specific case is the process of filing an Act 57 claim. An Act 57 claim may become a formal (NEPR-QR) complaint if LUMA fails to meet its obligations under the law to respond to the customer's concern in the time allowed. Once LUMA has been allowed to answer, it is up to the customer to determine whether they will file a formal complaint. Thus, the Energy Bureau must consider that a customer who files an Act 57 claim can later file a formal complaint, creating two different complaints (and two counts towards the metric) based on the same set of facts or the same event. Counting the customer's claim as two different complaints will implicate double-counting and needs to be avoided in order to accurately measure LUMA's performance. Therefore, the most reliable measure of customer complaints is the number of formal (NEPR-QR) complaints, which are initial complaints filed with the Energy Bureau.

113 LUMA is in active communication with ICPO, connecting frequently to address customer  
114 contacts who reach out to the ICPO directly. LUMA agrees that further discussions  
115 separate from this process should be conducted with the ICPO and the Energy Bureau to  
116 discuss inquiries filed with ICPO and to streamline the collection of data on customer  
117 claims. Those efforts may be continued in the context of Case NEPR-MI-2019-0007.

118 **Q. Please explain what types of complaints you include when you reference “Act 57**  
119 **claims.”**

120 A. Act 57 claims are those complaints filed by customers with LUMA pursuant to Act 57-  
121 2014. They are the same type of complaints that Ms. González denominates as “informal  
122 complaints”. Generally claims or complaints under Act 57 include both informal and  
123 formal complaints.

124 **Q. Please explain what type of claims you include when you reference “formal**  
125 **complaints.”**

126 A. I define formal complaints as those that are initially filed directly with the Energy Bureau  
127 and are classified as NEPR-QR. LUMA proposes NEPR-QR complaints specifically  
128 when calculating the Customer Complaint Rate as these are complaints that LUMA did  
129 not meet its obligations under Act 57. The proposed customer complaint rate metric is  
130 intended to measure whether LUMA responded and attempted to resolve a customer  
131 billing issue.

132 **Q. Do you agree with Ms. González’s statement on page 6, lines 72-76 of her pre-filed**  
133 **testimony that the number of claims filed and the reasons for filing them is direct**  
134 **evidence of the quality of service provided by LUMA?**

135 A. No.

136 **Q. Please explain your response.**

137 A. Ms. González's statement is unfounded. Ms. Gonzalez provided conflicting statements  
138 regarding complaints related to LUMA's quality of service in Lines 72-76 and Lines 153-  
139 159. The ICPO has not provided or suggested any methodology to sustain the statement  
140 linking the number of claims to the quality of service despite two information requests  
141 where LUMA requested additional data references. Ms. González stated that this opinion  
142 was based on her experience. However, this statement contrasts with Ms. González's  
143 responses to discovery requests issued by LUMA, where she clarified that it is not the  
144 ICPO's function to measure the quality of service of an electrical service company. As  
145 explained before, the filing of claims by customers can be due to a variety of reasons,  
146 including causes not attributable to LUMA, such as high consumption, which historically  
147 comprise the majority of the Act 57 claims. Therefore, it would be incorrect to conclude  
148 that the number of Act 57 claims filed and the reasons for filing them are direct evidence  
149 of the quality of service provided by LUMA.

150 **Q. Do you agree with Ms. González's statement on page 8, lines 113-116 of her pre-filed**  
151 **testimony that only a minority of the claims presented before LUMA are resolved**  
152 **within the timeframe provided by Act 57-2014?**

153 A. No.

154 **Q. Please explain your response.**

155 A. Ms. González's statement is based on ICPO's assistance to customers seeking advice to  
156 file complaints against the utility for not addressing customers' objections to their bills  
157 within the required period. Ms. González did not support this statement with verifiable  
158 data for any given period, or quantifiable methods that could support the statement or

show a correlation between the number of customers seeking the ICPO's assistance and the total number of Act 57 claims that LUMA addresses and resolves. The number of customers that pursue the ICPO's assistance does not necessarily comprise the universe of customers that have filed Act 57 claims. Ms. González's two years of experience with the ICPO does not provide enough evidence to support such a conclusion, nor has she disclosed any information that sustains that the ICPO has a methodology to collect data on customer claims and the time in which they are resolved by the utility, or that the ICPO does collect the data. ICPO has not submitted any data or information on the number of claims or grievances it receives and processes.

**Q. Do you have a response to Ms. González's statement on page 9, lines 131-133 of her pre-filed testimony, that claims for damaged domestic appliances due to voltage fluctuations are examples of complaints that are never filed before the Energy Bureau or before the utility?**

**A.** The ability for the customers to file formal (NEPR-QR) complaints is set forth by Act 57-2014. Those claims could only be filed and processed following the law.

**Q. What opinion do you have of Ms. González's statement on page 9, lines 136-142, that a high percentage of customers with a right to file a complaint before the Energy Bureau never do it due to a lack of understanding of the processes or knowledge of their rights or because the amount claimed is less when compared to the cost and effort that could suppose continuing with the process?**

**A.** LUMA supports a streamlined process for complaints to be heard by the Energy Bureau. However, Ms. González statement is not supported by any data the ICPO has made available in this proceeding. She outlined in her testimony that this opinion was based on

experience, without explaining the methodology ICPO has implemented to arrive at said conclusion. LUMA is not knowledgeable about how the ICPO interacts with customers, and those details have not been provided to LUMA previously. LUMA does not have a way of tracking reliably why customers do not file complaints. Prudent practices to properly implement a metric for payment of an incentive requires reliable data, and Ms. González has not offered any.

The issue of customer knowledge brought up by Ms. González will not be addressed by modifying LUMA's proposed metric on Customer Complaint Rate.

**Q. Do you agree with Mr. González's statement arguing that the methodology used by the Energy Bureau includes informal and formal complaints in the baseline of the Customer Complaint Rate metric, as outlined on page 10, lines 170-172 of her testimony?**

**A. No.**

**Q. Please explain your response.**

**A.** First, the baseline figure set by the Energy Bureau is the product of having considered 12,340 claims divided by the universe of customers (1.46 million) and then multiplied by 100,000. Although the Energy Bureau stated that it considered the total amount of PREPA's formal complaints for the Fiscal Year 2020 (July 2019 to June 2020), the 12,340 figure exceeds the number of NEPR-QR complaints in that period. LUMA considers that the figure of 12,340 is inappropriate in connection with LUMA's proposed metric because the data submitted by PREPA for the Fiscal Year 2020 includes Act 57 claims. The proposed baseline in NEPR-MI-2019-0007 is not a relevant figure for the Customer Complaint Rate metric since it is based on a figure that includes specifically

Act 57 claims.

Second, LUMA's proposed baseline is based on the total number of NEPR-QR complaints received by the Puerto Rico Energy Bureau from May 2019 to February 2020, annualized. As agreed by the parties to the T&D OMA, LUMA's proposed Customer Complaint Rate metric measures the total number of initial complaints filed by customers with the Puerto Rico Energy Bureau. It does not include petitions for bill review that are not initial complaints filed before the Energy Bureau.

The product of LUMA's calculation for the relevant baseline period is 146 formal (NEPR-QR) complaints annually. As discussed in my initial testimony, this period represents a period post-hurricane María and before the COVID-19 pandemic, reflecting a somewhat normal period of operations for PREPA. LUMA determined that the number of NEPR-QR complaints for the Fiscal Year 2020 does not support a reliable baseline because associated data reflects a highly irregular period of operations due to COVID-19. Moreover, the lack of visibility into response rate prevents us from accurately calculating baseline service level.

**Q. Do you agree with Ms. González's statement on page 11, lines 176-181 of her pre-filed testimony, that the metric should measure LUMA's performance as reflected in the satisfaction of its consumers?**

**A. No.**

**Q. Please explain your response.**

**A. There is a foundational issue with expecting that the Customer Complaint Rate metric measures customer satisfaction. The Customer Complaint Rate metric is not a measure of customer satisfaction. The objective of the metric is to reduce the number of formal**

(NEPR-QR) complaints. Even Ms. González herself admits on page 10, lines 155-159 of her testimony that the number of complaints filed before the Energy Bureau does not represent the customers' satisfaction or dissatisfaction with the service. Customer satisfaction calculated by surveying a statistical sample of customers from the total customer population provides a crucial measure of satisfaction. For example, the JD Power survey indicates utility performance and customer sentiment across six categories. This method provides for a robust gauge of customer satisfaction across a utility's broad customer base. LUMA is proposing the J.D. Power Customer Satisfaction Survey (Residential Customers) and the J.D. Power Customer Satisfaction Survey (Business Customers) as separate metrics. LUMA reiterates its position that the Customer Complaint Rate metric's purpose is not to measure customer satisfaction but to reflect the total number of formal (NEPR-QR) complaints, and the performance objective is to reduce the number of these complaints.

**Q. Do you agree with Mr. Irizarry's recommendation that the metric includes both initial complaints and formal complaints, as outlined on page 47, lines 9-11 of his testimony?**

**A. No.**

**Q. Please explain your response.**

**A. The most appropriate metric of customer complaints is formal complaints filed with the Energy Bureau (NEPR-QR). These are complaints where LUMA did not meet Act 57 obligations. The proposed Customer Complaint Rate metric is intended to measure whether LUMA responded and attempted to resolve a customer billing issue.**

**Q. Do you agree with Mr. Irizarry's recommendation that the Energy Bureau impose a**

251 **penalty on LUMA if the actual initial complaints in the Fiscal Year 2020 exceed the**  
252 **baseline figure set by the Energy Bureau of 841, as outlined on page 47, lines 11-13**  
253 **of his pre-filed testimony?**

254 A. No.

255 Q. **Please explain your response.**

256 A. Mr. Irizarry's proposal on imposing a penalty if the actual initial complaints in the Fiscal  
257 Year 2020 exceed the baseline figure set by the Energy Bureau of 841 is improper. The  
258 Fiscal Year 2020 (July 2019 to June 2020) covers a period prior to LUMA commencing  
259 operations. It is not coherent to impose a penalty on LUMA for events that occurred  
260 before LUMA began operations.

261 Further, complaints could be due to a wide array of reasons, i.e., someone not  
262 understanding the electricity bill or their consumption level, changes after a large storm  
263 or event, or when the FCA factor increases resulting in the customer thinking there is an  
264 error on the amount invoiced. Additional examples of future rate changes include: a) an  
265 Energy Efficiency or Demand Side Management program rider, or b) post-bankruptcy  
266 adjustment clause, and c) rate-structure change due to rate review. These examples,  
267 which all require approval from the Energy Bureau, may result in an increase in  
268 complaints where LUMA has no control over the customer's bill items. While we cannot  
269 foresee the exact outcomes of future rate changes, my utility experience is that these  
270 types of events have the potential to have a significant impact on the rate of customer  
271 complaints. LUMA has no control over nor can it avoid why someone files a complaint.  
272 Therefore, imposing a penalty for merely surpassing a baseline number without  
273 considering that the increase in those numbers could be related to causes not attributable

274 to LUMA will not meet one of the basic requirements of a performance metric: that it be  
275 subject to improvement through the actions of the utility. If the imposition of the penalty  
276 proposed by Mr. Irizarry is to have the effect of punishment, then LUMA will be  
277 penalized for matters outside its control. In any case, Mr. Irizarry's recommendation  
278 would have the effect of penalizing LUMA for matters that LUMA cannot control or  
279 manage, are not correlated to LUMA's performance, and, for those reasons, should not be  
280 considered by the Energy Bureau.

281 **Q. Does this complete your testimony?**

282 **A. Yes.**

## ATTESTATION

Affiant, Ms. Melanie J. Jeppesen, being first duly sworn, states the following:

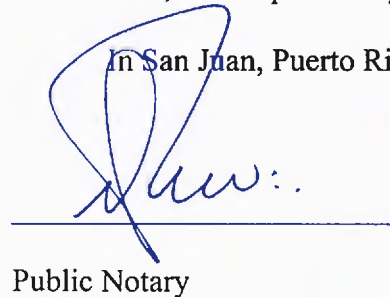
The prepared Rebuttal Testimony constitutes my direct testimony in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that she would give the answers set forth in the Rebuttal Testimony if asked the questions that are included in the Rebuttal Testimony. Affiant further states that the facts and statements provided herein is her rebuttal testimony and, to the best of her knowledge, are true and correct.

APP. No. 376

  
Melanie Jeppesen

Acknowledged and subscribed before me by Ms. Melanie J. Jeppesen in her capacity as Director of Billing Services of LUMA Energy, of legal age, single, and resident of Bayamón, Puerto Rico, who is personally known to me.

In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.

  
Public Notary



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

**IN RE:**

**PERFORMANCE TARGETS FOR LUMA  
ENERGY SERVCO, LLC**

**CASE NO.: NEPR-AP-2020-0025**

Rebuttal Testimony of  
Mr. Brent Bolzenius  
Director, Vegetation Management, LUMA Energy ServCo LLC  
February 1, 2022

- 1    **Q.    Please state your name.**
- 2    A.    My name is Brent Bolzenius.
- 3    **Q.    Please state your business mailing address, title, and employer.**
- 4    A.    My business mailing address is PO Box 363508 San Juan, Puerto Rico 00936-3508. I am
- 5    the Director of Vegetation Management for LUMA Energy.
- 6    **Q.    Please state your educational background.**
- 7    A.    I hold a Bachelor Degree in Forestry from University of Missouri having graduated in
- 8    December 2003. I also hold a Masters of Business Administration from Black Hills State
- 9    University having graduated in May 2014.
- 10   **Q.    Please state your professional experience.**
- 11   A.    I have approximately 18 years of experience in vegetation management in the United States
- 12   utility industry with multiple notable utilities. In January 2021, I joined LUMA.
- 13   **Q.    Please describe your work experience prior to joining LUMA.**
- 14   A.    Prior to joining LUMA, I managed the overall vegetation programs at two of Xcel Energy's
- 15   operating companies in Colorado, Texas, and New Mexico. Furthermore, prior to Xcel
- 16   Energy, I spent over 5 years in a leadership role at Black Hills Energy, a utility whose three
- 17   vegetation programs over three states were centralized and where tree-caused outages were
- 18   reduced by 70% during my tenure. Prior roles included: supervision of all vegetation
- 19   management activities related to vegetation contractors, their financial management,
- 20   safety, and work planning at Ameren Union Electric in Missouri and Aquilla (merged with
- 21   Evergy) in Missouri.
- 22   **Q.    Do you hold any professional licenses?**
- 23   A.    Yes. Two credentials from the International Society of Arboriculture: Certified Arborist &

24 Utility Specialist and one from the Project Management Institute as a Project Management  
25 Professional.

26 **Q. Have you previously testified or made presentations before the Puerto Rico Energy**  
27 **Bureau?**

28 A. Yes, I made a presentation during a Technical Conference on LUMA's Vegetation  
29 Management Plan held on August 13, 2021.

30 **Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau?**

31 A. My testimony is on behalf of LUMA as part of the Puerto Rico Energy Bureau ("Energy  
32 Bureau"), Commonwealth of Puerto Rico Public Service Regulatory Board proceeding  
33 Case No. NEPR-AP-2020-0025, the Performance Targets for LUMA Energy ServCo,  
34 LLC.

35 **Q. Are there any exhibits attached to your testimony?**

36 A. No.

37 **Q. What is the purpose of your rebuttal testimony?**

38 A. To respond to those portions of the pre-filed testimony of Mr. Agustín Irizarry ("Mr.  
39 Irizarry") on behalf of the Local Environmental and Civil Organizations ("LECO"), filed  
40 on November 16, 2021, in this proceeding, regarding his proposed metric on Enhanced  
41 Vegetation Management.

42 **Q. Did you consider any documents for your rebuttal testimony?**

43 A. Yes, I did.

44 **Q. Which documents did you consider for your rebuttal testimony?**

45 a. LUMA's Performance Metrics Targets Revised filing submitted on September 24,  
46 2021, in this proceeding, Case No. NEPR-AP-2020-0025,

b. The pre-filed testimony of Mr. Agustín Irizarry of November 16, 2021, filed in this proceeding, Case No. NEPR-AP-2020-0025 and his expert report, which is an exhibit of his pre-filed testimony,

c. The responses provided by Mr. Agustín Irizarry to LUMA's First and Second Sets of Interrogatories and Requests for Production of Documents notified on January 13, 2022, and

d. The responses provided by Mr. Agustín Irizarry to the Puerto Rico Energy Bureau's Requirements for Information notified on December 20, 2021.

**Q. Do you agree with Mr. Irizarry's proposal for the Energy Bureau to adopt a metric on enhanced vegetation management, as stated on page 25, lines 16-18 of his direct pre-filed testimony?**

**A. No.**

**Q. Please explain your response.**

A. LUMA disagrees with such a proposal. First, an enhanced vegetation management incentive metric is not necessary. The existent operational metrics subject to incentives, such as SAIDI and SAIFI, will show any reduction of outages to customers and includes the results of a utility's vegetation management program. The addition of an enhanced vegetation management incentive metric as proposed would be duplicative with other technical metrics. It should also be noted that vegetation management incentive metrics do not in themselves provide for better reliability to the customer, and a more comprehensive methodology like SAIDI and SAIFI is more appropriate.

Second, Mr. Irizarry's proposal is based on the California Public Utilities Commission's ("CPUC") adoption of safety performance metrics after it placed the Pacific Gas and

Electric Company ("PG&E") into the first step of the CPUC's Enhanced Oversight and Enforcement Process. The CPUC's action was based on PG&E's failure to sufficiently prioritize clearing vegetation on its highest-risk power lines as part of its wildfire mitigation work in 2020. The metrics referenced for PG&E were additional parameters added after a wildfire. The CPUC designed the Enhanced Oversight and Enforcement Process as a condition for approving PG&E's plan for exiting bankruptcy in May 2020. These efforts to monitor PG&E were part of many actions the CPUC took with respect to PG&E's bankruptcy, system safety, and mitigating wildfire threats. The vegetation safety issues were very different from those encountered in Puerto Rico.

From an applicability standpoint, one state in the United States with particular circumstances or probationary measures due to a catastrophic event does not dictate that these incentive metrics are -relative or applicable for Puerto Rico.

**Q. Do you agree with Mr. Irizarry's proposal on page 25, lines 16-18 of his pre-filed testimony, that the proposed metric should measure the electric miles lines annually subjected to tree trimming divided by the total electric line miles?**

**A. No.**

**Q. Please explain your response.**

**A.** Mr. Irizarry's proposal tries to address a complex issue in a very simplistic way and fails to consider other equally important factors. Meaningful aspects of a vegetation management program include safety, customers, outage events and frequency, tree density, schedules, and specific vegetation types, among other areas. Tracking one unit or metric will not directly correlate to the success of a whole vegetation management program. The purpose of any utility's vegetation management program is to manage vegetation to reduce

93 outages to acceptable levels. The prevention of all vegetation-caused outages is nearly  
94 impossible. Tracking miles alone can focus on the most negligible amounts of required  
95 vegetation to capture “miles” while not targeting work on areas of greater vegetation  
96 densities and the most significant impact despite being associated with lower amounts of  
97 miles. The effects of unmanaged vegetation often have varied impacts on different types  
98 of transmission and distribution infrastructure beyond transmission and distribution lines.  
99 For example, outages caused by vegetation at other facilities such as substations can have  
100 a greater impact on a higher number of customers than on a remote distribution line in a  
101 remote area.

102 **Q. Do you agree with Mr. Irizarry’s statement on page 25, lines 16-18, of his pre-filed**  
103 **testimony that an enhanced vegetation management metric reduces voltage**  
104 **fluctuations, improves public safety, and eliminates damage to lines during storms?**

105 **A. No.**

106 **Q. Please explain your response.**

107 **A.** Mr. Irizarry’s statement draws a direct correlation between vegetation management and  
108 reduction of voltage fluctuations, which is not entirely correct. One single statistic alone  
109 does not speak to the success of the whole vegetation management program. Tracking line  
110 miles in itself does not promote or eliminate outages during storms. Outages during a  
111 storm can occur for many reasons outside of vegetation (example: blowing debris,  
112 flooding, broken infrastructure). Additionally, in general, the way to reduce vegetation  
113 outages and harden the grid during storms is to increase the clearances between conductors  
114 and vegetations, which is not addressed when solely addressing line miles. Further,  
115 voltage fluctuations are caused by a range of issues that are not solely the result of

116 vegetation-related outages. They can be caused by but are not limited to insufficient  
117 generation or equipment failures due to historically neglected infrastructure.

118 **Q. Do you have a response to Mr. Irizarry's statement on page 35, line 16, of his pre-**  
119 **filed testimony in which he states that the Energy Bureau has recognized the value of**  
120 **enhanced vegetation management?**

121 A. Yes, I do.

122 **Q. Please state and explain your response.**

123 A. LUMA does not dispute the value of vegetation management programs. The Energy  
124 Bureau has a dedicated proceeding to vegetation management in Case No. NEPR-MI-  
125 2019-0005. LUMA has submitted a Vegetation Management Plan in said proceeding,  
126 which is currently before the Energy Bureau for its approval. However, this does not  
127 necessitate the need to earn an incentive in vegetation management. LUMA believes the  
128 Energy Bureau's monitoring of the vegetation management through the current docket  
129 (NEPR-MI-2019-0005) is a more constructive measure.

130 **Q. Do you have a response to Mr. Irizarry's statement on page 35, line 17-21, that LUMA**  
131 **has refused to provide information on planned trimmed miles, trim acreage, and**  
132 **widening miles?**

133 A. Yes, I do.

134 **Q. Please state and explain your response.**

135 A. Mr. Irizarry's characterization of LUMA's responses to the discovery requests issued by  
136 the Energy Bureau is improper. LUMA could not provide the requested information during  
137 discovery to the Energy Bureau as this information had not been developed at the time of  
138 the request. LUMA is open to regular reporting on agreed-upon information to provide

progress and effectiveness of LUMA's Vegetation Management Plan. Once again, this does not require an incentive performance metric in vegetation management.

**Q. Do you agree with Mr. Irizarry's proposal for the Energy Bureau to set penalties for failure to fulfill the planned tasks, as stated on page 35, lines 21-23 of his direct pre-filed testimony?**

**A.** LUMA disagrees with Mr. Irizarry's proposal. LUMA's Vegetation Management Plan establishes the basis to transition from PREPA's practices into a more effective and efficient Vegetation Management Program and guides its management and organization. However, implementation of LUMA's Vegetation Management Plan requires initial investments. It also requires continuous improvement through refinements and adjustments to accommodate changing objectives and conditions. The expectation is that implementation of the Vegetation Management Plan, over time, will reduce the cost and intensity of the vegetation management work required while at the same time improving system reliability and safety. Despite the effort to focus solely on implementing and executing the Vegetation Management Plan, there are still times for more reactive and correct work as a result of outages, reliability, customer, public safety, or storm restoration to address conditions or critical/emergency circumstances. A penalty-based mechanism would incentivize the utility not to be agile and responsive to customer needs. It would result in incentivizing LUMA not to prioritize vegetation management work orders based on the circumstances at the time.

The Vegetation Management Plan recognizes that events will occur when planned preventive vegetation maintenance does not suffice, and corrective, agile, and responsive maintenance will be required. The expectation is that over time, corrective vegetation

162 maintenance will be performed as necessary as a one-off exception rather than a mode of  
163 operation based on localized reliability issues. Also, reactive vegetation maintenance will  
164 occur in response to tree-initiated faults, interruptions, and outages.

165 Contrary to what Mr. Irizarry states in his responses to the discovery requests issued by the  
166 Energy Bureau, Puerto Rico is not under or subject to the Federal Energy Regulatory  
167 Commission (FERC) as it relates to vegetation management. FERC and North American  
168 Electric Reliability Corporation (NERC)<sup>1</sup> requirements are generally only applicable for  
169 those lines greater than 200kV and part of the overall bulk electric system in the continental  
170 portions of North America. Since NERC does not have jurisdiction over Puerto Rico 's  
171 electric grid, there should not be any penalty to LUMA for not meeting standards that are  
172 not applicable to the system LUMA is operating. "LUMA's Vegetation Management Plan  
173 for the high voltage transmission system (230 and 115 kV) will generally be aligned with  
174 the NERC standard."<sup>2</sup>

175 LUMA's Vegetation Management Plan cannot be converted to metrics and baselines, such  
176 as "trimmed and inspected miles for both the transmission and distribution system," as Mr.  
177 Irizarry proposes in his responses to the discovery requests issued by the Energy Bureau.  
178 The Vegetation Management Plan's purpose is not to supply metrics but to outline the  
179 strategy, processes, procedures, and timelines. Failure to complete any required tasks under  
180 LUMA's Vegetation Management Plan will not necessarily translate to customer impacts  
181 such as an immediate increase in voltage fluctuations, worse public safety or more damage

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<sup>1</sup> NERC is a not-for-profit international regulatory authority responsible to administrate regulations and measurements to ensure the effectively operate the Bulk Electrical System ("BES") across the continental United States, Canada, and the northern portion of Baja California, Mexico. Puerto Rico is not part of the BES.

<sup>2</sup> LUMA's Vegetation Management Plan, page 20, <https://energia.pr.gov/wp-content/uploads/sites/7/2021/04/Petition-Submitting-Vegetation-Management-Plan-Final-April-11-2021-NEPR-MI-2019-0005.pdf>

182 to lines during storms. As such, the imposition of penalties would not promote the  
183 improvement of customer-centric outcomes.

184 **Q. Does this complete your testimony?**

185 **A. Yes.**

## ATTESTATION

Affiant, Mr. Brent Bolzenius, being first duly sworn, states the following:

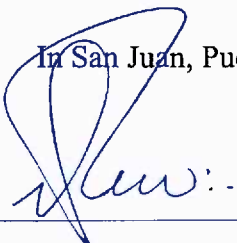
The prepared Rebuttal Testimony constitutes my Rebuttal in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that he would give the answers set forth in the Rebuttal Testimony if asked the questions included in the Rebuttal Testimony. Affiant further states that the facts and statements provided herein are his rebuttal testimony and are true and correct to the best of his knowledge.

Aff. No. 377

  
Brent Bolzenius

Acknowledged and subscribed before me by Mr. Brent Bolzenius in his capacity as Director of Vegetation Management of LUMA Energy, of legal age, single, and resident of Bayamón, Puerto Rico, who is personally known to me.

In San Juan, Puerto Rico, this 1<sup>st</sup> day of February 2022.

  
Public Notary

