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

IN RE:	**CASE NO. NEPR-MI-2021-0002**
IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY'S 10 YEAR INFRASTRUCTURE PLAN- DECEMBER 2020	**SUBJECT: Motion Submitting FEMA Approval of Project**

MOTION SUBMITTING FEMA APPROVAL OF PROJECT

TO THE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC[1], and **LUMA Energy ServCo, LLC**[2], (jointly referred to as "LUMA"), through the undersigned legal counsel and respectfully submit the following:

1. On March 26, 2021, this Honorable Puerto Rico Energy Bureau ("Energy Bureau") issued a Resolution and Order in the instant proceeding, ordering, in pertinent part, that the Puerto Rico Electric Power Authority ("PREPA") submit to the Energy Bureau the specific projects to be funded with Federal Emergency Management Agency ("FEMA") funds or any other federal funds at least thirty (30) calendar days prior to submitting these projects to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR-3"), FEMA or any other federal agency ("March 26th Order"). It also directed PREPA to continue reporting to the Energy Bureau and FEMA within the next five years, the progress of all ongoing efforts related to the approval of the submitted projects not yet approved by the Energy Bureau. This Energy Bureau thereafter

[1] Register No. 439372.
[2] Register No. 439373.

determined this directive applied to PREPA and LUMA. *See* Resolution and Order of August 20, 2021.

2. Meanwhile, on April 14, 2021, PREPA filed a *Motion in Compliance with the Resolution and Order Entered on March 26, 2021*, which included a list of projects under the categories of transmission, distribution, and substations. PREPA submitted the list of projects to the Energy Bureau at least thirty (30) calendar days before their submittal to COR-3 and/or FEMA, aligning with the March 26th Order. The list of projects submitted by PREPA included the Substations-Cataño-Rebuilt 1801 federally funded Transmission and Distribution Project ("T&D Project").

3. On April 22, 2021, the Energy Bureau issued a Resolution and Order ("April 22nd Order"). It determined that additional information was required to thoroughly evaluate the projects submitted by PREPA and evaluate its compliance with the March 26th Order. The Energy Bureau ordered PREPA to provide detailed information: (i) on or before April 28, 2021, for each project already submitted to COR-3 and/or FEMA; and (ii) on or before May 21, 2021, for each project in that will be submitted to COR-3 and/or FEMA under the different project categories. It also ordered PREPA to include a list of all the substations to be relocated to mitigate possible future flooding damages.

4. In compliance with the April 22nd Order, on April 28, 2021, PREPA filed a *Motion in Compliance with the Resolution and Order entered on April 22, 2021*. PREPA submitted the Scopes of Work ("SOW") provided to COR-3 and FEMA in compliance with the April 22nd Order. Among the SOWs submitted to this Energy Bureau was the Substations-Cataño-Rebuilt 1801 T&D

Project, which encompasses repairs in the Cataño substation and associated distribution feeders to modernize and harden them.

5. On June 8, 2021, the Energy Bureau entered a Resolution and Order in which it determined that the majority of the SOWs for T&D projects submitted by PREPA were necessary to improve the system's reliability ("June 8th Order"). Therefore, it approved the majority of the projects presented in the April 28th Submission, including the Substations-Cataño-Rebuilt 1801 T&D Project SOW. Further, the Energy Bureau ordered PREPA to submit a copy of the approval by COR3 and/or FEMA of the projects, which shall contain the costs obligated for each project within ten (10) days of receiving such approval.

6. In compliance with the June 8th Order, LUMA hereby submits a copy of approval by FEMA of the FAASt - Cataño-Rebuild 1801(Substation) project received on May 18th, 2022.[3] *See* **Exhibit 1** to this Motion. The document state FEMA's approval and includes the cost obligated for the project.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and **accept** the copy of the FEMA approval attached herein as Exhibit 1.

RESPECTFULLY SUBMITTED.

We hereby certify that we filed this motion using the electronic filing system of this Energy Bureau. We will send an electronic copy of this motion to the attorneys for PREPA, Joannely Marrero-Cruz, jmarrero@diazvaz.law, and Katiuska Bolaños-Lugo, kbolanos@diazvaz.law.

In San Juan, Puerto Rico, this 24th day of May 2022.

[3] It is important to note that any FEMA approval for a T&D Project is known when FEMA makes the information available via its grants portal. The FEMA approval is made public to anyone with an account to access the grants portal.

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Exhibit 1

FEMA Approval

Department of Homeland Security
Federal Emergency Management Agency

General Info

Project #	174422 **P/W #** 10496	**Project Type**	Specialized
Project Category	F - Utilities	**Applicant**	PR Electric Power Authority (000-UA2QU-00)
Project Title	FAASt - Catano-Rebuild 1801(Substation)	**Event**	4339DR-PR (4339DR)
Project Size	Large	**Declaration Date**	9/21/2017
Activity Completion Date	9/20/2027	**Incident Start Date**	9/17/2017
Process Step	Obligated	**Incident End Date**	11/15/2017

Damage Description and Dimensions

The Disaster # 4339DR, which occurred between *09/17/2017* and *11/15/2017*, caused:

DDD for this facility codified in the 136271 - MEPA078 Puerto Rico Electrical Power Authority Island Wide FAASt Project.

Damage #442268; FAASt - Catano-Rebuilt 1801

DDD for this facility codified in the 136271 - MEPA078 Puerto Rico Electrical Power Authority Island Wide FAASt Project.

General Facility Information:

- **Facility Type:** Power generation, transmission, and distribution facilities
- **Facility:** Catano-Rebuilt 1801
- **Facility Description:** Catano 1801 Substation is approximately 22,200 SQ. FT. The substation has four transmission lines 9500, 9700, 8200 and 6200 38/13.2 kV and five feeders. The capacity of the substation is 12/22.40 MVA.
- **Approx. Year Built:** 1980
- **GPS Latitude/Longitude:** 18.42351, -66.14030

General Damage Information:

- **Date Damaged:** 9/20/2017
- **Cause of Damage:** High winds & wind driven rain, caused by Cat 4 Hurricane Maria

Final Scope

442268 **FAASt - Catano-Rebuilt 1801**

Project Name	174422 Cataño Modernization and Hardening
Region	Bayamón
Damaged Inventory/Asset Category	Island Wide Substations
FEMA Project Number	174422

Work to be Completed

The Applicant provided with this Detailed SOW pursuant to the T&D O&M Agreement between Puerto Rico. Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, and in accordance with the Consent to Federal Funding Letter issued by PREPA and P3A and provided herein as Appendix K which collectively provides the necessary consent for LUMA Energy, as agent of PREPA, to undertake work in connection with any Federal Funding requests related to the T&D System submitted to FEMA.

Facilities

The Cataño Substation experienced substantial damages due to Hurricane Maria in September 2017. The purpose of this project is to repair damages, mitigate flooding issues and harden the substation to improve the reliability and resiliency of the Puerto Rico electrical grid.

Physical Address	Carr 5 KM 27.0 Bo. Cañas Cataño, PR
Coordinates	18.423513N, -66.140299W
Date of Construction	1966

Project Scope of Work (Section 428)

Substation:

A.	Replace 22.4 MVA, 38/13.2 kV transformer with a new 33.6 MVA, 38/13.2 kV transformer and build a new oil containment around transformer.
B.	Relocate five 13.2 kV distribution feeders from the existing Power Distribution Substation to the new Gas Insulated Switchgear ("GIS") enclosure within the new Control Building.
C.	Removal the existing 38 kV Air Insulated Equipment including the steel lattice structure (approx. 67'x29'x 50'), lightning arrestors, insulators, copper bus bar, hardware, auxiliary systems, and disconnects switches.
D.	Removal and disposal of four 38 kV Oil Circuit Breakers and salvage two SF6 Circuit Breakers.
E.	Remove existing service transformer and install a new 100 KVA on the new elevated platform.
F.	Removal and disposal of the existing concrete control building including the relays and control panels, Remote Terminal Units, battery bank, battery charger, AC/DC distribution panels and control panels/cables and associated conduits and wiring.
G.	Salvage the existing 13.2 kV Power Distribution Switchgear and removal of foundations.
H.	Removal of the existing transformer foundation.
I.	Install a new 50 kW emergency generator that will act as a backup feed to the control building and telecom equipment.

Transmission Lines: [General fixing: Poles/structure; location; ordering]

A.	Line 9500 – Remove two 38 kV wood poles and install two new steel 38 kV poles in the same location with concrete foundations: one dead-end pole with an underground riser inside the substation perimeter and one pole located outside of the substation fenced area. Build and install underground feed from the dead-end pole to connect to the 38 kV switchgear. Install a temporary pole inside the substation perimeter and overhead conductor to the new pole location in the substation to facilitate the construction.
B.	Line 8200 – Remove one 38 kV wood dead-end pole located outside of the substation and install one new 38 kV steel pole inside the substation perimeter with concrete foundation and install a new slack span conductor over a secondary road to new power pole. Build and install underground feed to connect to the 38 kV Gas Insulated Switchgear (GIS).
C.	Line 9600 – Remove 38 kV wood dead-end pole located outside the substation and install new 38 kV Steel structure with concrete foundation inside the substation with new riser for underground feed to GIS.
D.	Line 6200 – Remove two 38 kV wood dead end poles located outside the substation and install two new steel 38kV poles in the same location with concrete foundations. Build and install underground feed to connect to the 38 kV GIS.
E.	Line 9700 – Remove two 38 kV wood dead end poles located outside the substation and install two new steel 38 kV poles in the same location with concrete foundations. Build and install underground feed to connect to the 38 kV GIS.

IT/Telecom System & SCADA:

A.	Install telecom system and SCADA system inside the new control building.
B.	Install an 100ft self-supported communication antenna with a safety grated waveguide.
C.	Install conduits and new underground fiber optic cables from existing manholes to the telecom equipment inside the new control building and to the telecom antenna.
D.	Install battery bank (48 VDC) inside the new control building.

Total Project Estimate: $17,571,074.08

Architectural & Engineering Services Deduction (Project 335168 - FAASt A&E PREPA): -$1,211,174.91

Work to be Completed Total: $16,359,899.17

Project Notes

1. The Applicant has identified 406 Hazard Mitigation (HM) opportunities as described in document: *10000-CP-SOW-0001Rev2.pdf* and related Appendices. HM can review this document for consideration based on applicable policies and guidelines. The Applicant has also stated the following: "*A Benefit Cost Analysis will be performed and submitted to FEMA to demonstrates the future risk reduction benefits to reduce or eliminate the long-term risk to life and property from hazard events and compares those benefits to its costs. FEMA requires the Cataño Substation equipment to be elevated to the 500-year ABFE guidelines. LUMA will require confirmation from FEMA that all costs associated with the elevation of all Cataño Substation equipment will be covered under the 406 Hazard Mitigation Grant Program otherwise LUMA may be required to remove the elevation design from the project scope. Delays in the receipt of confirmation from FEMA may delay the project schedule*."
2. The zip code for the subject facility is 00962, as provided by the PDMG on 21-Dec-2021.
3. WTBC costs were obtained from Applicant provided document: *Appendix M - Cataño Cost Estimate.pdf*, as applicable for the 428 SOW portion of the estimate (no 406 HM). Document was later revised into *Appendix M - Cataño Cost Estimate - Rev. 4.1.2022.xlsx.*
4. Any claim or disbursement related to Engineering or Architecture (A&E) services for this project must be claimed/disbursed from Project 335168, which was prepared to cover A&E expenses related to this Applicants FAASt Projects. The A/E funds for the amount of $1,211,174.91 have been calculated for this project, however, the actual A&E costs will be claimed in GM project #335168. This dollar

amount will be included in this project with a negative dollar amount, to avoid duplicity of funds.

406 HMP Scope

Project number: 174422

Damage #442268; Catano Rebuilt 1801

Applicant: PR Electric Power Authority (000-UA2QU-00)

Location: Carr 5, Km 27.0, Barrio Canas, Catano, Puerto Rico

GPS Latitude/Longitude: Start: 18.423513, -66.140299

Hazard Mitigation Narrative

During the incident period from September 17, 2017, to November 15, 2017, the Commonwealth of Puerto Rico experienced hurricane-force winds, heavy rain, flooding and power outage from Hurricane Maria. The incident caused damage to the electrical system, such as power generation plants, transmission and distribution lines, substations, communication systems, buildings, among other damages to the infrastructures owned, operated, and maintained by the Puerto Rico Electric Power Authority (PREPA).

The Cataño Substation1801 was built approximately in 1960 and is located in the Municipality of Cataño Puerto Rico. The facility is a 38KV/13.2KV substation with a 12MVA transformer feeding a modular enclosed metal clad switchgear suppling six 13.2KV distribution circuits. The 38KV switch structure has eleven air breaker switches, two gas insulated switches, four oil insulated switches, six PTs, fifteen arrestors and one support structure. This substation is supported by a control building, electro-mechanical protection relays, SCADA, battery bank, battery charger, communications, and a remote transformer. According to the information provided by the Applicant, due to the high velocity hurricane winds and prolonged heavy rain (flooding), were the main cause of the damages of the facility.

System Approach:

As per most updated ABFE Maps, the Cataño Substation 1801 is now located in a Special Flood Hazard Area (SFHA) Zone A (formerly located on a Zone X). The recommended guides stated essential facilities (Flood Design Class 4) must be elevated or protected to the base flood elevation (BFE) + 2ft or 500-year flood elevation, whichever is higher. During Hurricane Maria the control room of the substation experienced flooding damage. As a Hazard Mitigation measure the control room will be elevated 2 ft above BFE. Nevertheless, by Mitigating only this portion of the substation, the risk to the functionality of the substation facility will not be significantly reduced because critical components such as the transformers, breakers and the switchgear continue to be exposed to the flood hazard. In order to ensure continue future operation of the facility and to protect federal investments, is proposing to mitigate the risk by elevating the Control Room and the other critical components of the substations. Note: The components of the substation operate as a system and are interdependent. If one component fails, the function of the substation will be compromised resulting in the interruption of the substation causing lack of power to the customers (loss of function of the substation).

Floodplain Evaluation:

Before Hurricane Maria, according to the Flood Insurance Rate Map (FIRM), the Cataño Substation 1801 was located in a Zone X, which is a zone with a minimum or moderate flood risk. After Hurricane Maria, the Government of PR adopted the Advisory Base Flood Elevation Maps (ABFE) to determine if a facility is within a Special Flood Hazard Area (SFHA). The Policy states that the most restrictive map (FIRM or ABFE) is to be used to determine flood zone for any particular site, that in this case, is the ABFE map labeled it in Zone A. A request to determine the base flood elevation (BFE) was requested to FEMA Floodplain Management Specialist, which determined that the (BFE) + 2 ft or 500-year flood elevation for the Cataño Substation is 3.7 meters (6.8 meters - 3.1 meters) above the existing floor elevation (EFE). According to the PA Site Inspection Report, the only flood damaged was 6 inches of flooding in the control room. Although, since the other substation components were not damaged by flooding, the Applicant requested FEMA to evaluate the substation as a system. As indicated before, a System Approach analysis was granted, which

means that whole critical components (damaged and undamaged elements) will be elevated 2 feet above BFE to avoid any future damage and loss of function.

Improved Project:

The mitigation strategy for future damages at Cataño Substation 1801 is accomplished by replacing the previously flooded control building with an elevated control building structure, from 1 ft or 100-year above BFE flood elevation (PA MOR) to 2 ft or 500-year above BFE flood elevation. The existing 38KV air insulated equipment, 13.2KV power distribution switchgear and 38KV/13.2KV transformer do not meet the new ABFE guidelines and are also required to be elevated. The improved project Scope of Work (SOW) incorporates new 38KV switchgear equipment, new 13.2KV switchgear equipment, telecom equipment, batteries and protection equipment and all associated equipment as part of the integrated control building. The proposed mitigation approach elevates all critical interdependent equipment to the (BFE) + 2ft or 500-year flood elevation and includes the integration of a Substation Automation System, and enhanced SCADA technology.

Hazard Mitigation Proposal (HMP) Scope of Work:

In order to prevent or reduce future damages from similar events, the applicant proposed the following mitigation measures:

Mitigation Measures *(Supplement)*

1. To avoid damage in a future flood event, the Applicant is proposing as a mitigation measure, an improved project that includes the elevation of the substation above (BFE) + 2ft or 500-year flood (3.7m) and the consolidation of all substation equipment into an enclosed elevated integrated control building that is a more cost-effective solution than rebuilding and elevating the existing 38KV air insulated equipment and 13.2KV power distribution switchgear in their existing configuration. This fact will reduce the footprint of the substation and will reduce the cost in comparison to elevate the existing "in-kind" substation. On the elevated platform (elevated integrated control building), the Applicant will install the new 38KV switchgear equipment, new 13.2KV switchgear equipment, telecommunication equipment, batteries and protection equipment and all associated components.
2. On the damaged perimeter chain-link industrial fence (Ga. 6 mesh, schedule 40 post and 3-line barbed wires), change from 10 ft on center to 8 ft on center, bury posts 3 ft deep instead of 2 ft deep and change posts from 2-inch diameter to 3-inch diameter for a 10 ft fence.

Note: After a rigorous analysis and consultation with PA and HM advisors, the following items were not included as 406 Mitigation measures:

1. Power Generator - Not available in pre-disaster condition.
2. Batteries - Not PA eligible damage.
3. SCADA and Communication Equipment – Included in the PA Method of Repair (MOR).

Net Cost of 406 HMP per DI: $3,145,301.54

Cost of 406 HMP w/factors: **$6,895,149.77**

Project BCR (Benefit Cost Ratio):

BCR = (Total Hazard Mitigation Benefits / Total Hazard Mitigation Project Cost)

BCR = ($20.347,710.00 / $7,585,187.00) = **2.68**

The FEMA BCA tool is utilized in determining the benefit, which is the present value of the sum of the expected annual avoided damages of all the mitigation actions or damage inventories over the project useful life, and the dollar amount is compared with the

total mitigation cost to obtain the benefit cost ratio (BCR). A project is considered cost-effective when the BCR is equal to or greater than (1).

*See Mitigation Profile Documents Tab for complete version of this HMP and supporting documents.

*Due to GM system constraints in the Mitigation Profile Cost Tab, there may be a discrepancy in the total dollar amount of the mitigation proposal (or, the cost effectiveness statement) cited in the Cost Tab of the project(s). Whenever a difference between the Mitigation Cost Tab and the completed HMP cost occurs, the correct dollar amount of the grant proposal will default to the amount of 406 funding cited on the actual HMP document (and the Cost Summary Spreadsheet) uploaded into the Mitigation Profile Documents Tab.

Cost

Code	Quantity	Unit	Total Cost	Section
3510 (Engineering And Design Services (A&E Deduction from Project 335168 - FAASt A&E PREPA))	1.00	Lump Sum	($1,211,174.91)	Completed
9201 (PAAP Fixed Estimate (No Value - Tracking Purposes Only))	1.00	Lump Sum	$0.00	Completed
9001 (Estimated Budget for Construction & Procurement (FAASt Project 136271))	1.00	Lump Sum	$17,571,074.08	Uncompleted

CRC Gross Cost	$16,359,899.17
Total 406 HMP Cost	$6,895,149.77
Total Insurance Reductions	$0.00
CRC Net Cost	$23,255,048.94
Federal Share (90.00%)	$20,929,544.05
Non-Federal Share (10.00%)	$2,325,504.89

Award Information

Version Information

Version #	Eligibility Status	Current Location	Bundle Number	Project Amount	Cost Share	Federal Share Obligated	Date Obligated
0	Eligible	Awarded	PA-02-PR-4339-PW-10496(11743)	$23,255,048.94	90 %	$20,929,544.05	5/17/2022

Drawdown History

EMMIE Drawdown Status As of Date	Obligation Number	Expenditure Number	Expended Date	Expended Amount
No Records				

Subgrant Conditions

- As described in Title 2 Code of Federal Regulations (C.F.R.) § 200.333, financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. Exceptions are stated in 2 C.F.R. §200.333(a) – (f)(1) and (2). All records relative to this project are subject to examination and audit by the State, FEMA and the Comptroller General of the United States and must reflect work related to disaster-specific costs.
- In the seeking of proposals and letting of contracts for eligible work, the Applicant/Subrecipient must comply with its Local, State (provided that the procurements conform to applicable Federal law) and Federal procurement laws, regulations, and procedures as required by FEMA Policy 2 CFR Part 200, Procurement Standards, §§ 317-326.
- The Recipient must submit its certification of the subrecipient's completion of this project, the final claim for payment, and supporting documentation within 180 days from the date that the applicant completes the scope of work, or the project deadline, whichever occurs first. FEMA reimburses Large Projects (those with costs above the large project threshold) based on the actual eligible final project costs. Therefore, during the final project reconciliation (closeout), the project may be amended to reflect the reconciliation of actual eligible costs.
- When any individual item of equipment purchased with PA funding is no longer needed, or a residual inventory of unused supplies exceeding $5,000 remains, the subrecipient must follow the disposition requirements in Title 2 Code of Federal Regulations (C.F.R.) § 200.313-314.
- The terms of the FEMA-State Agreement are incorporated by reference into this project under the Public Assistance award and the applicant must comply with all applicable laws, regulations, policy, and guidance. This includes, among others, the Robert T. Stafford Disaster Relief and Emergency Assistance Act; Title 44 of the Code of Federal Regulations; FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide; and other applicable FEMA policy and guidance.
- The DHS Standard Terms and Conditions in effect as of the declaration date of this emergency declarations or major disaster, as applicable, are incorporated by reference into this project under the Public Assistance grant, which flow down from the Recipient to subrecipients unless a particular term or condition indicates otherwise.
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 Code of Federal Regulations (C.F.R.) Part 200 apply to this project award under the Public Assistance grant, which flow down from the Recipient to all subrecipients unless a particular section of 2 C.F.R. Part 200, the FEMA-State Agreement, or the terms and conditions of this project award indicate otherwise. See 2 C.F.R. §§ 200.101 and 110.
- The subrecipient must submit a written request through the Recipient to FEMA before it makes a change to the approved scope of work in this project. If the subrecipient commences work associated with a change before FEMA approves the change, it will jeopardize financial assistance for this project. See FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide.
- Pursuant to section 312 of the Stafford Act, 42 U.S.C. 5155, FEMA is prohibited from providing financial assistance to any entity that receives assistance from another program, insurance, or any other source for the same work. The subrecipient agrees to repay all duplicated assistance to FEMA if they receive assistance for the same work from another Federal agency, insurance, or any other source. If an subrecipient receives funding from another federal program for the same purpose, it must notify FEMA through the Recipient and return any duplicated funding.

Insurance

Additional Information

4/6/2022

GENERAL INFORMATION

Event: DR4339-PR

Project: SP 174422

Category of Work: Cat F - Utilities

Applicant: PR Electric Power Authority

Event Type: Hurricane / Hurricane Maria

Cause of Loss: Wind / Wind Driven Rain

Incident Period: 9/17/2017 to 11/15/2017

Total Public Assistance Amount: $23,255,048.94 (Repairs Amount $16,359,899.17 + Mitigation Amount $6,895,149.77)

COMMERCIAL INSURANCE INFORMATION

Does the applicant have a Commercial Policy that extends coverage for this facility: Yes

Policies Issued by: Willis Towers Watson, Multinational Insurance Company and Mapfre

Policy Numbers: Willis Towers Watson (B0804Q1966F17, B0804Q14312F17, B0804Q19673F17, B0804Q19672F17, B0804Q18529F17, B0804Q14312F17, B0804Q19674F17, B0804Q18411F17, B0804Q14310F17, B0804Q11038F17, B0804Q14507F17, B0804Q14312F17)

Mapfre Praico Insurance Company (1398178000644)

Multinational Insurance Company (88-CP-000307831-2, 88-CP-000318673-0, 88-CP000318674-0, 88-CP-000318675-0, 88-CP-000318676-0, 88-CP-000318677-0)

Policy Period: From: 5/15/2017 To: 5/15/2018

Policy Limits: $300,000,000.00

RCV or ACV: Replacement Cost Value

Deductible Amount $25,000,000.00 each and every occurrence property damage and 30 days each and every occurrence business interruption in respect of Named Windstorm.

Does the Applicant's Commercial Policy extend coverage for the damage described in this project: Yes

The amount of the deductible being funded in this project is $0.00

The amount of the deductible previously funded in other projects is $25,000,000.00

Final Insurance Settlement Status: Insurance proceeds for this project are anticipated

The amount of Anticipated Insurance Reduction applied for Project: $0.00

***NUMBER* OF DAMAGED LOCATIONS INCLUDED IN THIS PROJECT:** (1)

Damaged Inventory (DI) #442268:

FAASt – Catano-Rebuilt 1801

Location Description: Catano 1801 Substation is approximately 22,200 SQ. FT. The substation has four transmission lines 9500, 9700, 8200 and 6200 38/13.2 kV and five feeders. The capacity of the substation is 12/22.40 MVA.

GPS Coordinates: 18.42351, -66.14030

Cause of Loss: Wind / Wind Driven Rain

SOV / Schedule #: N/A

SOV / Schedule Amount: N/A

Applicable Deductible Amount: N/A

Damage Inventory Amount: $23,255,048.94 (Repairs Amount $16,359,899.17 + Mitigation Amount $6,895,149.77)

Prior Obtain and Maintain Requirement:

No prior insurance requirements were found for this facility.

Reduction(s):

No insurance reduction will be applied to this project. An anticipated insurance reduction of $193,746,436.00 was applied to FAAST project # 136271 for anticipated insurance proceeds for Hurricane Maria losses. For ease of reference, please see table of insurance allocations: "*PREPA Allocation Plan – All Disasters"* file.

Obtain and Maintain Requirement:

An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the FAASt – Catano-Rebuilt 1801 in the amount of $19,703,262.28 (Repairs Amount $16,359,899.17 – Uninsurable Items Amount $3,438,257.69 + Insurable Mitigation Amount $6,781,620.80). Please see "SP174422 – Cost Estimate - Insurance" file.

Under Section 311 of the Stafford Act, the Recipient or the Subrecipient is required to obtain and maintain insurance in the amount of eligible disaster assistance to protect against future loss to such property from the types of hazard which caused the damage in the major disaster. Section 428 Projects under the Public Assistance Alternative Procedures (PAAP) are subject as well to Section 311 insurance requirements. Section 311 requirements apply to all insurable facilities for which FEMA PA funds are used (including excess funds).

Note that this insurance requirement is based on current eligible estimates. The final insurance requirement will be determined by the agreed-upon fixed cost estimate with the actual scope of work for the repair, restoration, or replacement of the insurable facility. 44 CFR § 206.253(b) (1) § 206.252 (d).

Insurance Proceeds Statement:

FEMA acknowledges that the Applicant is in negotiations with their insurance carrier at the time of the FEMA insurance review and might have received partial settlements. In accordance with 44 CFR §206.250-253, in the absence of an actual settlement, anticipated insurance recoveries will be deducted from this project based on Applicant's insurance policy limits. FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives after a final settlement.

FEMA's Recovery Policy FP 206-086-1, Public Assistance Policy on Insurance (June 29, 2015), requires applicants to take reasonable efforts to recover insurance proceeds that it is entitled to receive from its insurers. FEMA will consider final insurance settlements that may be less than the insurance policy limits when an applicant demonstrates that it has taken reasonable efforts to recover insurance proceeds that it is entitled on a case-by-case basis.

Standard Insurance Comments

FEMA Policy 206-086-1
PART 2: Other Insurance-Related Provisions. (Sections 312 and 406(d) of the Stafford Act)

A. Duplication of Benefits. FEMA cannot provide assistance for disaster-related losses that duplicate benefits available to an applicant from another source, including insurance.

1. Before FEMA approves assistance for a property, an applicant must provide FEMA with information about any actual or anticipated

insurance settlement or recovery it is entitled to for that property.

2. FEMA will reduce assistance to an applicant by the amount of its actual or anticipated insurance proceeds.

3. Applicants must take reasonable efforts to recover insurance proceeds that they are entitled to receive from their insurer(s).

FEMA Policy 206-086-1

H. Subsequent Assistance. When a facility that received assistance is damaged by the same hazard in a subsequent disaster:

1. If the applicant failed to maintain the required insurance from the previous disaster, then the facility is not eligible for assistance in any subsequent disaster.

2. Upon proof that the applicant maintained its required insurance, FEMA will reduce assistance in the subsequent disaster by the amount of insurance required in the previous disaster regardless of:

a. The amount of any deductible or self-insured retention the applicant assumed (i.e., “retained risk”).

Obtain and Maintain Requirements:

44 CFR § 206.253 Insurance requirements for facilities damaged by disasters other than flood.

(a) Prior to approval of a Federal grant for the restoration of a facility and its contents which were damaged by a disaster other than flood, the recipient shall notify the Regional Administrator of any entitlement to insurance settlement or recovery for such facility and its contents. The Regional Administrator shall reduce the eligible costs by the actual amount of insurance proceeds relating to the eligible costs.

(b)

(1) Assistance under section 406 of the Stafford Act will be approved only on the condition that the recipient obtain and maintain such types and amounts of insurance as are reasonable and necessary to protect against future loss to such property from the types of hazard which caused the major disaster. The extent of insurance to be required will be based on the eligible damage that was incurred to the damaged facility as a result of the major disaster. The Regional Administrator shall not require greater types and extent of insurance than are certified as reasonable by the State Insurance Commissioner.

(2) Due to the high cost of insurance, some applicants may request to insure the damaged facilities under a blanket insurance policy covering all their facilities, an insurance pool arrangement, or some combination of these options. Such an arrangement may be accepted for other than flood damages. However, if the same facility is damaged in a similar future disaster, eligible costs will be reduced by the amount of eligible damage sustained on the previous disaster.

(c) The Regional Administrator shall notify the recipient of the type and amount of insurance required. The recipient may request that the State Insurance Commissioner review the type and extent of insurance required to protect against future loss to a disaster-damaged facility, the Regional Administrator shall not require greater types and extent of insurance than are certified as reasonable by the State Insurance Commissioner.

(d) The requirements of section 311 of the Stafford Act are waived when eligible costs for an insurable facility do not exceed $5,000.00. The Regional Administrator may establish a higher waiver amount based on hazard mitigation initiatives which reduce the risk of future damages by a disaster similar to the one which resulted in the major disaster declaration which is the basis for the application for disaster assistance.

(e) The recipient shall provide assurances that the required insurance coverage will be maintained for the anticipated life of the restorative work or the insured facility, whichever is the lesser.

(f) No assistance shall be provided under section 406 of the Stafford Act for any facility for which assistance was provided as a result of a previous major disaster unless all insurance required by FEMA as a condition of the previous assistance has been obtained and maintained.

Final Obtain and Maintain requirement amount will be determined during the closeout process after the final actual eligible costs to repair or replace the insurable facility have been determined.

FEMA Policy 206-086-1

F. Timeframes for Obtaining Insurance. FEMA will only approve assistance under the condition that an applicant obtains and maintains the required insurance.

The applicant must document its commitment to comply with the insurance requirement with proof of insurance.

If an applicant cannot insure a facility prior to grant approval (for example, if a building is being reconstructed), the applicant may provide a letter of commitment stating that they agree to the insurance requirement and will obtain the types and extent of insurance required, followed at a later date by proof of insurance once it is obtained. In these cases, the applicant should insure the property:

a. When the applicant resumes use of or legal responsibility for the property (for example, per terms of construction contract or at beneficial use of the property); or

b. When the scope of work is complete.

FEMA and the recipient will verify proof of insurance prior to grant closeout to ensure the applicant has complied with the insurance requirement.

An applicant should notify FEMA—in writing through the recipient—of changes to their insurance which impact their ability to satisfy the insurance requirement after it provides proof of insurance to FEMA. This includes changes related to self-insurance. If an applicant fails to do this, FEMA may de-obligate assistance and not provide assistance in a future disaster.

Jean-Carlo Echevarria, PA Insurance Specialist, CRC Atlantic, Guaynabo, PR

O&M Requirements

Insured Peril	Item Type	Description	Required Coverage Amount
Wind	Equipment	An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the FAASt – Catano-Rebuilt 1801 in the amount of $19,703,262.28.	$19,703,262.28

406 Mitigation

There is no additional mitigation information on **FAASt - Catano-Rebuild 1801(Substation)**.

Environmental Historical Preservation

Is this project compliant with EHP laws, regulations, and executive orders? **Yes**

EHP Conditions

- Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
- This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize funding.
- If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archaeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
- Executive Order 11988 - Floodplains - Applicant must obtain any required permits from the Planning Board prior to initiating work and comply with any conditions of the permit. All coordination (emails, letters, documented phone calls) pertaining to these activities and compliance must be provided and maintained in the Applicant's permanent files.
- Endangered Species Act (ESA) - The Applicant must provide documentation at close-out that proves completion of required Conservation Measures for the Puerto Rican boa (Epicrates inornatus): 1. Inform all personnel about the potential presence of the PR boa and the VI boa in areas where the proposed work will be conducted. Photographs of the PR and VI Boa are to be prominently displayed at the site. The recipient must ensure that project personnel is able to correctly identify a PR or VI boa. For information on PR boa, please visit: https://ecos.fws.gov/ecp/species/6628. 2. Prior to any construction activity, including removal of vegetation and earth movement, the boundaries of the project area must be delineated, buffer zones, and areas to be excluded and protected, should be clearly marked in the project plan and in the field to avoid further habitat degradation into forested areas. Once areas are clearly marked, and prior to any construction activity, including site preparation, project personnel able to correctly identify a PR or VI boa must survey the areas to be cleared to ensure that no boas are present within the work area. Vehicle and equipment operation must remain on designated access roads/paths

and within rights-of way. 3. If a PR boa is found within any of the working or construction areas, activities should stop in the area where the boa was found. Do not capture the boa. If boas need to be moved out of harm's way, project personnel designated by the recipient shall immediately contact the Puerto Rico Department of Natural and Environmental Resources (PRDNER) Rangers for safe capture and relocation of the animal (PRDNER phone #s: 787-724-5700, 787-230-5550, 787-771-1124). If immediate relocation is not an option, project-related activities at this area must stop until the boa moves out of harm's way on its own. Activities at other work sites, where no boas have been found after surveying the area, may continue. 4. Measures should be taken to avoid and minimize PR boa casualties by heavy machinery or motor vehicles being used on site. Any heavy machinery left on site (staging) or near potential PR boa habitat (within 50 meters of potential boa habitat), needs to be thoroughly inspected each morning before work starts to ensure that no boas have sheltered within engine compartments or other areas of the equipment. If PR boas are found within vehicles or equipment, do not capture the animal and let it move on its own or call PRDNER Rangers for safe capture and relocation of the boa (PRDNER phone #s: 787-724-5700, 787-230-5550, 787-771-1124). If not possible, the animal should be left alone until it leaves the vehicle on its own. 5. PR boas may seek shelter in debris piles. Measures should be taken to avoid and minimize boa casualties associated with sheltering in debris piles as a result of project activities. Debris piles should be placed far away from forested areas. Prior to moving, disposing or shredding, debris piles should be carefully inspected for the presence of boas. If PR boas are, found within debris piles, do not capture the animal and let it move on its own or call PRDNER Rangers for safe capture and relocation of the animal. If debris piles will be left on site, we recommend they be placed in areas that will not be disturbed in the future. 6. For all boa sightings (dead or alive), personnel designated by the recipient must record the time and date of the sighting and the specific location where the boa was found. Data should also include a photo of the animal dead or alive, and site GPS coordinates, and comments on how the animal was detected and its behavior. If the PR boa was accidentally killed as part of the project actions, please include information on what conservation measures had been implemented and what actions will be taken to avoid further killings. All boa-sighting reports should be sent to the USFWS Caribbean Ecological Services Field Office, Marelisa Rivera - Deputy Field Supervisor, 787- 851-7297 extension 206, 787-510-5207, marelisa_rivera@fws.gov.

- Resource Conservation and Recovery Act, aka Solid Waste Disposal Act (RCRA) - 1. The applicant is responsible to ensure damaged transformers are handled, managed and disposed of in accordance with all federal and state laws and requirements. Downed electrical equipment may contain toxic and hazardous materials, such as polychlorinated biphenyls (PCBs), and may spill these materials if a rupture occurs. Applicant is responsible for screening transformers that do or may contain PCBs and the area where any related spill occurred. The applicant is then responsible to handle, manage, dispose of, or recycle damaged equipment and contaminated soil as appropriate. Where possible, temporary measures should be implemented to prevent, treat, or contain further releases or mitigate the migration of PCBs into the environment. If damaged equipment or material storage containers must be stored temporarily, containers should be placed on hardened surface areas, such as a concrete or an asphalt for no more than 90 days. Excavated contaminated material should be disposed of in accordance with federal and state laws and requirements. 2. The Applicant shall handle, manage, and dispose of all types of hazardous waste in accordance with requirements of local, state, and federal laws, regulations, and ordinances. In addition, the Applicant shall ensure that all debris is separated and disposed of in a manner consistent with the PR DNER guidelines at a permitted site or landfill. The contractor/applicant will be responsible for the proper disposition of construction debris in authorized landfills providing the name, location, coordinates and permits of the facility to the corresponding authorities. 3. Unusable equipment, debris, white goods, scrap metal any other material shall be disposed in approved manner and location. In the event significant items are discovered during the implementation or development of the project the Applicant shall handle, manage and dispose petroleum products, hazardous materials and toxic waste in accordance to the requirements of the local and federal agencies. Noncompliance with these requirements may jeopardize receipt of federal funds.

EHP Additional Info

There is no additional environmental historical preservation on **FAASt - Catano-Rebuild 1801(Substation)**.

Final Reviews

Final Review

Reviewed By MARTINEZ SANTIAGO, ISRAEL **Reviewed On** 05/04/2022 2:42 PM AST

Review Comments

FEMA final review completed. Project ready for Recipient Final Review.

Recipient Review

Reviewed By Salgado, Gabriel **Reviewed On** 05/04/2022 2:45 PM AST

Review Comments

Recipient review completed. Project ready for Applicant Final Review.

Fixed Cost Offer

As a Public Assistance (PA) Subrecipient PR Electric Power Authority (000-UA2QU-00), in accordance with Section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Applicant agrees to accept a permanent work subaward based on a Fixed Cost Offer in the amount of $23,255,048.94 for subaward number 10496 under Disaster # 4339. The Applicant accepts responsibility for all costs above the Fixed Cost Offer.

The Applicant understands that by participating in this pilot program they will be reimbursed for allowable costs in accordance with 2 CFR Part 200, and the reimbursement will not exceed the Fixed Cost Offer. The Applicant also understands that by agreeing to this Fixed Cost Offer, they will not receive additional funding related to the facilities or sites included in the subaward. The Applicant also acknowledges that failure to comply with the requirements of applicable laws and regulations governing assistance provided by FEMA and the PA Alternative Procedures Pilot Program Guidance (such as procurement and contracting; environmental and historic preservation compliance; and audit and financial accountability) may lead to loss of federal funding.

Project Signatures

Signed By Nieves, Ezequiel **Signed On** 05/10/2022