

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

NEPR

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IN RE:

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

CASE NO. NEPR-MI-2021-0002

SUBJECT: Submission of First Quarter Federal
Funding Report for Fiscal Year 2023

**MOTION SUBMITTING LUMA'S FIRST QUARTER FEDERAL FUNDING REPORT
FOR FISCAL YEAR 2023**

TO THE PUERTO RICO ENERGY BUREAU:

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

1. On March 26, 2021, the Puerto Rico Energy Bureau (“Energy Bureau”) issued a Resolution and Order (“March 26th Order”) in the instant proceeding ordering the Puerto Rico Electric Power Authority (“PREPA”), among other things, “to submit to the Energy Bureau each new capital investment project [... and] [f]or projects to be funded with [Federal Emergency Management Agency (“FEMA”)] funds and/or any other federal funds, [... to] submit the specific projects to the Energy Bureau at least thirty (30) calendar days prior to its submittal to [the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency (“COR3”)], FEMA and/or any other federal agency.” March 26th Order at p. 19. In connection with FEMA 428 funds, the Energy

¹ Register No. 439372.

² Register No. 439373.

Bureau also ordered PREPA to “continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.” *Id.*

2. On May 31, 2021, this honorable Energy Bureau issued and published a Resolution and Order approving LUMA’s Initial Budgets in Case NEPR-MI-2021-004 (“May 31st Initial Budgets Resolution and Order”).

3. In the May 31st Initial Budgets Resolution and Order, the Energy Bureau listed certain “requirements for LUMA to fulfill during the Interim Period and going forward” including, among others, requirements for reporting on the Initial Budgets spending amounts and reporting on federal funding activity. Then, on July 16, 2021, this Energy Bureau issued a Resolution and Order in Case NEPR-MI-2021-004 (the “July 16th Initial Budgets Resolution and Order”) in which it modified the federal funding reporting requirements under the May 31st Initial Budgets Resolution and Order to provide the following:

LUMA shall submit to the Energy Bureau, on a quarterly basis, summary reports outlining federal funding activity. These summary reports shall include aggregated information showing the cumulative amount of federal funding applied for by LUMA and/or PREPA, broken out by the source of such funding, the incremental amount of federal funding applied for in the reporting quarter, and both the cumulative and monthly amount of federal funding received.

July 16th Initial Budgets Resolution and Order at p. 6.

4. In alignment with the quarterly reporting requirements in Case NEPR-MI-2021-004, LUMA hereby submits the Quarterly Federal Funding Report with data on year-to-date federal funding activities for the first quarter of FY2023. *See* Exhibit 1. The report includes the amounts of federal funds that LUMA has applied for, the amounts applied for during the quarter, and the amounts of federal funds that have been approved to date, as of September 30, 2022.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned for all purposes and **deem** that LUMA complied with the quarterly reporting on federal funding activities.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of November 2022.

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 Katuska Bolaños-Lugo, kbolanos@diazvaz.law.



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Exhibit 1

LUMA Quarterly Federal Funding Report



LUMA Quarterly Federal Funding Report

For the period ending September 30, 2022

November 14, 2022

LUMA Quarterly Federal Funding Report

Executive Summary

All of us who work for LUMA Energy – over 3,000 strong men and women – are determined to build a more reliable, resilient, customer-centric, and cleaner electric system for the people of Puerto Rico. Since June 1st, 2021, this has been our shared mission and our shared goal. We are determined to fulfill this mission, build on our progress, confront challenges head-on, and provide a financially sound utility that will serve the interests of our 1.5 million customers.

The LUMA team remains focused on the future – an energy future that will be more reliable, cleaner, and more resilient. To achieve this, LUMA has established productive working relationships with Central Office for Recovery, Reconstruction and Resilience (COR3) and FEMA including the FEMA Environmental and Historic Preservation (EHP), 406 Hazard Mitigation (406HM) and 404 Hazard Mitigation (404HM) teams. In line with its plan to continue to advance critical projects and maximize available FEMA funds, LUMA engaged with our grid recovery partners on additional federal funding opportunities to include Department of Energy electrical system improvement Grants, HUD and PRDOH CDBG-DR Programs for Hazard mitigation, Grid Resilience and Cost Share as well as FEMA 406 Hazard Mitigation proposals in all major asset categories and projects.

LUMA remains committed to pursuing federal funding from all potential sources to maximize available funds and efficiently execute proposed projects in order to fundamentally rebuild and modernize the energy grid. To that end, including activities performed during the first quarter of the Fiscal Year 2023, LUMA has achieved the following to date:

- Constructed and energized four projects to date.
- Submitted 142 Projects Programs¹ initial SOWs to date representing an estimated \$8.4 billion in reconstruction work that is being advanced within LUMA.
- Sought a total of 241 FEMA FAAS Projects to date representing \$6.1 billion in reconstruction activities.
- Submitted 78 Detailed SOWs to COR3/FEMA for approval representing \$1.7 billion.
- Received FEMA Obligation for 38 projects representing \$0.2 billion.
- Executed six architecture and engineering (A&E) contracts, six Streetlight construction contracts, and two distribution pole replacement construction contracts.

FEMA-funded projects directed by LUMA will be not only the largest capital energy program in Puerto Rico's history, but also the largest ever funded by the federal government to repair and rebuild an electric system across any state and/or territory in the coming months and years. As a result, LUMA is excited by the significant progress made thus far, which will provide Puerto Ricans with a stronger, transformed energy grid as more FEMA projects begin construction.

¹ Note that the Programs initial SOWs presented are being divided into multiple Projects. An example is the Streetlight Program initial SOWs presented to PREB was for the entirety of Puerto Rico; however, this Program will be divided into over 78 Projects representing each Municipality. This approach was taken to simplify the initiation of the work with PREB; and to expedite the approval and execution of the work with FEMA

LUMA Quarterly Federal Funding Report

Contents

1.0	Federal Funding Activities	4
1.1	Introduction	4
1.2	Summary of Activities	4
1.2.1	Key Activities	4
1.2.2	Construction Progress	5
1.2.3	FEMA Cost Obligated Projects	5
1.2.4	Detailed SOWs	5
1.2.5	Initial SOWs	6
1.2.6	Additional Funding Sources	6
2.0	Federally Funded Project Status	6
2.1.1	Status of Federal Funded Projects as of September 30th, 2022	7

Tables & Figures

Table 4-1. Project Status Summary (\$ in billions)	7
Table 4-2. Federal Funding Reimbursement Status Summary (\$ in millions)	7

LUMA Quarterly Federal Funding Report

1.0 Federal Funding Activities

1.1 Introduction

On June 1, 2021, LUMA assumed overall responsibilities for PREPA's T&D System as outlined within the Transmission and Distribution Operating and Maintenance Agreement (T&D OMA) between PREPA, P3A, and LUMA. Upon commencement of operations, projects funded by FEMA in the Transmission, Distribution, Substations, IT/Telecom, Buildings, and Environmental asset categories (T&D Projects) were transitioned to and are now the responsibility of LUMA.

In accordance with July 16, 2021, Initial Budgets Resolution and Order, the Energy Bureau (PREB) required LUMA to provide on a quarterly basis, summary reports outlining federal funding activity. This document describes key activities and progress made on all federally funded capital investments for the Puerto Rico electrical system. Additionally, the report includes a summary of quarterly and aggregated amounts of federal funds applied for by LUMA, broken out by funding sources.

1.2 Summary of Activities

LUMA continues to collaborate with COR3 and FEMA including the FEMA Environmental and Historic Preservation (EHP), 406 Hazard Mitigation (406HM), and 404 Hazard Mitigation (404HM) teams. LUMA remains focused on construction activities of federally funded projects including streetlight repairs and critical distribution pole replacements, preliminary engineering activities and submissions of Detailed Scopes of Work for FEMA review and obligation, as well as progressing the necessary procurements of materials, engineering services, and construction services to facilitate the execution of federally funded projects. The following content outlines LUMA's key accomplishments and activities during Q1 to continue moving forward with federally funded projects.

1.2.1 Key Activities

- Completed a formal RFP process to support the Distribution Pole Replacement and Distribution Automation programs and executed contracts with two contractors.
- Received 18 Project Obligations from FEMA for T&D projects.
- Submitted 37 Detailed SOWs to COR3 and FEMA.
- Submitted six initial Scopes of Work (iSOWs) to PREB.
- Submitted 47 iSOWs to FEMA for FAAS number.
- Submitted two initial grant proposals to DOE for Renewables Advancing Community Energy Resilience (RACER) funding opportunity.
- Responded to Category 1 Hurricane Fiona which made landfall in September 2022 causing further significant damage to the Puerto Rico T&D System. The result was over approximately \$4 billion in damages and an island-wide blackout leading to more than 1.5 million customers experiencing outages.
- LUMA continues to progress Hurricane Maria federally funded projects while addressing constraints resulting from the aftermath of Hurricane Fiona emergency.

LUMA Quarterly Federal Funding Report

1.2.2 Construction Progress

LUMA continues to advance construction activities to support the restoration of the T&D system. The progress of construction activities precedes the beginning of more significant construction efforts to be undertaken over time in line with restoration and remediation efforts. Key construction progress made by the end of the first quarter includes the following:

- Constructed and Energized four projects to date including three Distribution Pole Replacement projects in Arecibo, Caguas, and Bayamón regions and one Transmission Pole Replacement project.
- Construction activities on 14 Distribution Pole Replacement projects in Arecibo, Bayamón, Caguas, Carolina, Mayagüez, Ponce, and San Juan Regions. Five additional FEMA Obligated Distribution Pole Replacement projects are in the execution phase and preparing to start construction activities in Q2 FY23.
- Construction activities continued with six Streetlight projects within Aguada, Guánica, Lajas, Luquillo, Maunabo and Villalba.
- Four additional FEMA Obligated Transmission Pole Replacement projects are in the execution phase and preparing to start construction activities.
- Planned construction for the Manatí Breaker Replacement project to start in Q2 FY23.
- Contracts from the formal RFP procurement for construction contractors to support the Transmission Priority Pole Replacement Programs and Substation Minor Repairs Programs were still being developed.

1.2.3 FEMA Cost Obligated Projects

During this reporting period, LUMA received Project Obligations from FEMA for 18 T&D projects in Q1, including 12 Distribution Pole and Conductor Repair projects, four Transmission Priority Pole Replacement projects, one Substations Rebuild project and one Distribution Streetlighting project. These obligations represent an estimated \$57 million in project costs.

Notably, LUMA has received FEMA Obligation for a total of 38 projects representing \$0.2 billion of project costs and a Long Lead Material FEMA Obligation for \$0.65 billion. These FEMA Obligated projects include \$0.016 billion of 406HM costs.

1.2.4 Detailed SOWs

During this reporting period, LUMA submitted to COR3 and FEMA Detailed SOWs (including 406HM & EHP requirements) for 16 Distribution Pole and Conductor Repair projects, 11 Transmission Line Rebuild projects, six Streetlights projects, one Transmission Priority Pole Replacements project, one Substation Minor Replacement project, one SCADA Remote Access and RTU Replacements project and one Physical Security project.

In addition, LUMA continues to finalize contracts for additional A&E resources to support the federally funded projects and leverage the successful engineering firm(s) to begin A&E preliminary engineering design work towards the development of Detailed SOWs. LUMA has executed six A&E contracts to date and continues to progress with additional contracts in various stages from agreeing to terms and conditions to FOMB approval.

LUMA Quarterly Federal Funding Report

1.2.5 Initial SOWs

LUMA continues to advance initial SOWs for PREB approval and FAASt number assignment by FEMA. By the end of Q1 FY23, LUMA has sought a total of 241 FEMA FAASt Projects to date representing \$6.1 billion in reconstruction activities. In this reporting period, LUMA submitted three Substation Projects, one IT & Telecommunication Project, one Substations HV Equipment Replacement Program and one Transmission & Distribution Automation Program for PREB Approval and subsequently to FEMA/COR3 for FAASt number assignment.

In addition, LUMA submitted iSOWs for FAASt numbers to FEMA under programs already approved by PREB consisting of 36 Distribution Pole Replacement, six streetlight projects, one Transmission Priority Pole Replacement - Line 2300, one Test and Technology Laboratory project, one SCADA Remote Access and RTU Replacements and two Substation Minor Repair projects including repairs at seven substations throughout Puerto Rico.

1.2.6 Additional Funding Sources

In its role as the operator of the T&D system, LUMA continues to pursue Federal Funding opportunities in addition to the Hurricane Maria FEMA Public Assistance grant which will be key to funding the required repairs to fully restore the Puerto Rico electrical system. LUMA has continued to progress the following activities:

- Submitted two initial grant proposals to DOE for Renewables Advancing Community Energy Resilience (RACER) funding opportunity (Community resilience through rapid restoration leveraging DERs and low-cost sensors, Demonstration of a VOLTTRON-based platform to enable rapid energy restoration at Castañer/Maricao).
- Engaged with our grid recovery partners on additional Federal Funding opportunities to include Department of Energy electrical system improvement Grants, HUD and PRDOH CDBG-DR Programs for Hazard mitigation, Grid Resilience and Cost Share as well as FEMA 406 Hazard Mitigation proposals in all major asset categories and projects.
- Worked on additional initial proposals utilizing the FEMA/SHPO 404 Hazard Mitigation program with four key back-up projects proposed and developed, representing \$900 million, should additional 404 HMGP funds become available.

2.0 Federally Funded Project Status

At the end of Q1, LUMA had sought a total of 241 FEMA FAASt Projects representing \$6.1 billion in reconstruction activities.

1. Of the 241⁴ projects noted, 149 projects representing ~\$3.3 billion were advanced in the quarter and are at various stages of preliminary engineering, detailed engineering, or execution. The remaining projects will be awarded to A&E firms, as noted earlier.
2. Of the 149 projects noted above, LUMA submitted the 78 Detailed SOWs to COR3/FEMA for approval representing \$1.7 billion.
3. Of the 78 projects noted above, LUMA has received FEMA Obligation for 38 projects representing \$0.2 billion.

Table 4-1 below outlines the aggregated status of all planned federally funded projects and their respective estimated value.

LUMA Quarterly Federal Funding Report

2.1.1 Status of Federal Funded Projects as of September 30th, 2022

Table 4-1. Project Status Summary (\$ in billions)

Project Status	Number of Projects	Estimated Amount ⁽²⁾
Projects in the preliminary engineering phase (i.e., pre-detailed SOW submission) – Unassigned	92	\$2.9
Projects in the preliminary engineering phase (i.e., pre-detailed SOW submission) – Assigned	71	\$1.5
Project Detailed SOWs submitted to FEMA pending Obligation <ul style="list-style-type: none"> Detailed SOWs submitted includes \$0.7 billion of proposed 406 costs 	40	\$1.5
Projects Obligated by FEMA enabling Detailed Engineering and Construction <ul style="list-style-type: none"> These FEMA Obligated projects includes \$0.016 billion of 406 costs. Projects Obligated in Detailed Engineering Phase– 6 (\$0.1) Projects Obligated in Execution Phase – 29 (\$0.1) Projects Obligated Construction Completed – 3 (\$0.001) 	38	\$0.2
Total	241	\$6.1

⁽¹⁾ A Total of 11 initial SOWs approved by PREB are deemed as Programs that will be divided into multiple Projects over time (as noted in the main text). The Programs include Streetlights, Substation Minor Repairs, Distribution Poles Replacements, Telecom Infrastructure, Microwave PTP, Physical Security, SCADA Remote Access and RTU Replacements, Fiber Optic Replacement, Transmission 38kV Pole Replacement, Transmission 115kV Pole Replacement, and Transmission 230kV Pole Replacement. Two Way Land Mobile Radio Network was previously identified as a Program but has been reclassified as a project.

⁽²⁾ Estimated amounts are based on the most recent estimated project costs, which may have changed since the initial stages of the FAAsT process, and may result in a fluctuation of the estimated amounts quarter over quarter.

Table 4-2 below outlines federal funding by source and status submitted for reimbursement as of September 30, 2022.

Table 4-2. Federal Funding Reimbursement Status Summary (\$ in millions)

Funding Source	Federal Funds Applied for to Date	Federal Funds Applied for this Quarter	Federal Funds Approved to date
DR-4339 Hurricane Maria	\$14.8	\$6.9	\$5.4