

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

NEPR

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IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Responses to Requests for Information
Issued in Technical Conference of October 18th, 2022**

**SUBMISSION OF RESPONSES TO REQUESTS FOR INFORMATION IN
COMPLIANCE WITH BENCH ORDERS ISSUED DURING TECHNICAL
CONFERENCE OF OCTOBER 18, 2022**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo"), (jointly referred to as "LUMA"), and respectfully state and request the following:

1. On April 2, 2022, LUMA submitted to this Energy Bureau its Annual Budgets for Fiscal Years 2023 through 2025 ("Annual Budgets"). LUMA also submitted supporting workpapers on April 8, 2022.
2. On May 19, 2022, this Energy Bureau issued a Resolution and Order with the subject "Fiscal Year 2023 Annual Budget Review: Requirement of Information and Establishing a Procedural Calendar" ("May 19th Order"). This Energy Bureau issued one hundred and sixteen (116) requests for information, stated in Attachments A through F of the May 19th Order. Additionally, in the May 19th Order, this Energy Bureau scheduled a Technical Conference for June 10, 2022, which conference convened and was cancelled minutes after the record opened and witnesses were administered the oath or affirmation.

3. In compliance with the May 19th Order, through separate filings dated May 26, June 3 and June 7, 2022, LUMA and the Puerto Rico Electric Power Authority (“PREPA”) submitted their responses to the Energy Bureau’s Requirements for Information.¹

4. On July 13, 2022, LUMA filed a *Motion Submitting Fiscal Year 2023 Annual Budget as Approved by the Financial Oversight and Management Board for Puerto Rico* (the “Informative Motion”) whereby it submitted to this Energy Bureau the Fiscal Year 2023 Budget as certified by the Financial Oversight Management Board for Puerto Rico (“FOMB”). LUMA included the FY2023 Budget as certified by the FOMB (“Certified Budget”), an updated LUMA Annual Budgets report for FY2023 to FY2025, and its accompanying updated schedules with its Informative Motion.

5. On July 16, 2022, the Energy Bureau entered a Resolution and Order (the “July 16th Order”) whereby it took notice of the Certified Budget. The Energy Bureau further determined to open a review of the Certified Budget. As part of such process, the Energy Bureau ordered LUMA to submit further responses to 9 requests included in the July 16th Order before July 29, 2022 at noon.

6. In compliance with the July 16th Order, on July 29, 2022, LUMA submitted the information requested. On the same date, this Energy Bureau entered a Resolution and Order whereby it established a second procedural calendar in this proceeding. As per the second procedural calendar, a virtual technical conference was scheduled for August 17, 2022.

7. On August 12, 2022, this Energy Bureau entered a Resolution and Order through which, in its pertinent part, it issued a third revision to the procedural calendar as per which the virtual technical conference was postponed for September 9, 2022, the filing of revised or

¹ LUMA responded to all of the Energy Bureau’s requirements, except for Requirements nos. A7, A8, A9, F1, F2, F3(A)-(C), F4, F5(A)-(E), F6(A)-(E), F7, F8, F9(A), F10(A)-(D) which were responded by PREPA.

additional information required by the Energy Bureau during the conference was scheduled for September 23, 2022 and the virtual public hearing and filing of comments by the public were set for October 7, 2022 (“August 12th Order”). In the August 12th Order, this Energy Bureau also issued seven (7) additional requests for information due on August 29, 2022.

8. On August 18, 2022, PREPA filed a *Request for Continuance of Technical Conference* which was granted through Resolution and Order entered on August 19, 2022. Therefore, the virtual technical conference was postponed to September 13, 2022.

9. On August 29, 2022, LUMA submitted its Responses in Compliance with the August 12th Order.

10. On September 7, 2022, LUMA was notified of a Resolution and Order whereby this Energy Bureau set September 14, 2022, as a second day for the Technical Conference to consider the Certified Budget (“September 7th Order”). On September 9, 2021, LUMA filed a motion styled “Urgent Request to Re-Schedule Second Day of Technical Conference and for Issuance of Agenda,” where it informed that several of its witnesses and management personnel as well as PREPA’s witnesses, were not available to appear before this honorable Energy Bureau on September 14, 2022 and requested that the Energy Bureau re-schedule the second day of the Technical Conference on the Certified Budget.

11. The first day of the Technical Conference on the Certified Budget was held on September 13, 2022 from 10:00 a.m. until past 5:00 p.m. (“September 13th Technical Conference”). Twenty-nine (29) members of LUMA’s workforce in charge of different aspects of LUMA’s operations and organization, appeared and were sworn in to answer questions from this Energy Bureau. Representatives of PREPA also appeared but were excused given that the Energy Bureau and its consultants first addressed questions to LUMA.

12. Regarding the second day for the Technical Conference, this Energy Bureau informed that at the close of the September 13th Technical Conference it would make a determination on the need to convene LUMA and PREPA for a second day and, if needed, the second day of the Technical Conference would be held on September 27, 2022.

13. Throughout the Technical Conference, this Energy Bureau and its consultants issued several requests for information to LUMA (“RFIs”). In total, the Energy Bureau issued eighteen (18) RFIs, some of which include several requests.

14. Close to 5:00 pm during the September 13th Technical Conference, this Energy Bureau determined that it was necessary to extend the Technical Conference for a second day and set the same for September 27, 2022.

15. On September 16, 2022, PREPA submitted a motion styled “Request for Continuance of Technical Conference Scheduled for September 27, 2022,” (“PREPA’s Motion to Continue Second Day of Technical Conference”) whereby it informed that one of its main witnesses, its chief financial advisor, was not available to appear before this Energy Bureau on September 27th. Thus, PREPA requested to continue the second day of the Technical Conference for a later date on or after October 7, 2022.

16. On September 20, 2022, this Energy Bureau issued a Resolution and Order whereby it issued an amended procedural calendar in this proceeding (“September 20th Order”). In what is relevant to this Motion, this Energy Bureau set the date for LUMA to file additional information requested by the Energy Bureau, by November 1, 2022. Further, the Energy Bureau scheduled the continuation of the Technical Conference for October 18, 2022.

17. On October 5, 2022, LUMA submitted a Motion styled *Urgent Request for Extension of Time to Submit Responses to Requests for Information and Request for an Agenda*

for the October 18th Technical Conference (“October 5th Request for Extension”). In the October 5th Request for Extension, LUMA proposed to submit a first set of RFI responses by October 7th and requested that additional time beyond October 7th, until October 12, 2022, be granted to submit a second set of responses.

18. In compliance with the bench orders issued on September 13th and the September 20th Order, on October 7, 2022, LUMA submitted a first set of responses to the RFIs. LUMA submitted a second set of responses on October 12, 2022.

19. The second meeting of the Technical Conference to consider the Certified Budget was held as scheduled on October 18, 2022. LUMA’s representatives appeared and answered questions posed by Commissioners of this Honorable Energy Bureau and consultants of this Energy Bureau. Throughout the Technical Conference, the Energy Bureau issued bench orders for LUMA to provide additional information on vegetation management and in connection with LUMA’s Response to ROI-LUMA-MI-2021-0004-20220519-PREB-D14, on active lawsuits (litigation) in FY2022.

20. In compliance with the bench orders issued during the Technical Conference held in this proceeding on October 18th, LUMA hereby submits its responses to the questions posed by the Energy Bureau as well as additional information. *See* Exhibit 1.

WHEREFORE, LUMA respectfully requests that the honorable Bureau **take notice** of the aforementioned for all purposes; and **deem** that LUMA complied with the bench orders with requests for information issued on October 18, 2022 and with the September 20th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 1st day of November, 2022.

I hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. I also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: jmarrero@diazvaz.law and kbolanos@diazvaz.law.



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Exhibit 1
Responses to Requests for Information Issued on October 18, 2022



Exhibit 1: Responses to October 18, 2022 Technical Conference Requests

NEPR-MI-2021-0004

November 1, 2022

Annual Budgets for Fiscal Year 2023

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20221018-PREB-001

SUBJECT

Vegetation Management

REQUEST

- 1) For 230kV lines and 115kV lines, what is the projected end-date or completion date to clear the corridors for all miles? How many acres of 230 kV lines have been reclaimed? How many are planned to be reclaimed in FY23?
- 2) How much is LUMA paying, per circuit mile, for 230 kV lines?
- 3) How much was spent on FY22 for Substation Clearing efforts? What is the FY22 vegetation management expenditure for clearing the 355 substations, including hedging, brush, apply herbicides etc.?
- 4) Can LUMA provide the amount of funding that it would take to clear the 230kV lines, reclaim the right of ways, and any other actions required to get each piece done within FY23 / one fiscal year? Cost to complete VM for 230 kV line for one FY year - includes clearing, reclamation, correction.

RESPONSE

- 1) The following table summarizes the total number of miles and acres of 115 kV and 230kV transmission:

Category	115kV	230kV
Total Miles	680	423
Total Acres	7,169	4,197

The current projected end-date (completion date) to clear the corridors for all miles of 115kV and 230kV is FY2027. This end date is derived from LUMA's system-wide vegetation maintenance plan which prioritizes system facilities across all voltage levels based on customer outages. While some 230kV and 115kV lines contribute to customer outages, 38kV lines and the distribution system also impact customer outages.. Therefore, some lower-voltage facilities are prioritized in

RESPONSES TO OCTOBER 18, 2022 TECHNICAL CONFERENCE REQUESTS

the plan before some of the 230kV and 115kV facilities based on what work has the potential for the greatest positive impact for customers.

Within FY2023, 25 miles (or 293 acres) of 230kV have been reclaimed as of September 17, 2022. An additional 114 miles (1,336 acres) are planned for FY2023.

- 2) Due to the limited number of miles completed to date and the delay in receiving invoices from contract crews, a representative actual average cost per mile for 230kV transmission vegetation maintenance is not available at this time. However, based on several factors (e.g., width of rights of way, vegetation condition, access, line construction, resources availability, project deadlines, overtime, etc.), the estimated costs per circuit mile for total reclamation of 230kV transmission range between \$25,000 and \$100,000, with an overall estimated average rate of \$65,000 per mile.
- 3) The substation clearing efforts for FY2022 totaled \$1.6 million with approximately \$1.0 million for clearing debris and \$600,000 for applying the herbicide treatment.
- 4) LUMA recommends that any incremental funding be utilized to perform vegetation maintenance work on the lines that have the greatest potential to improve customer reliability, regardless of voltage level. This could include 230kV, 115kV, 38kV lines and distribution lines. Focusing solely on the 230kV system would not necessarily provide the greatest decrease in customer outages.

If LUMA were to focus on clearing the entire 230kV system within a year timeframe, LUMA would first need to begin a contracting process to secure additional qualified resources to perform the work. A competitive solicitation to secure the best prices would optimistically take six months to complete. The successful contractors would then need time to mobilize their resources, secure necessary equipment, and transport the equipment and personnel to Puerto Rico. If the competitive solicitation process were to begin immediately, the additional resources may potentially be mobilized to begin work at the start of FY2024. LUMA estimates an additional 500 full-time equivalents ("FTEs") would be required to totally clear, reclaim and apply maintenance for all the 230kV lines over a 12-month period.

Further, to support this additional dedicated workstream and workforce, LUMA would also have to recruit, hire and train additional personnel to manage the incremental contractors performing this work. Lastly, system stability will have to be taken into consideration when coordinating and scheduling planned outages on the 230 kV system. This will depend on multiple factors such as plant availability, planned T&D maintenance and other external events such as weather and load conditions, which may not make it possible to complete all of this work in one fiscal year.

While there are existing contractors with personnel and equipment in Puerto Rico now, these resources are not sufficient to clear the entire 230kV system while continuing to support the ongoing vegetation maintenance work. Also, the best prices would only be possible through a competitive solicitation. Based on the pricing obtained in previous solicitations, the budget for 500 FTEs with the appropriate equipment to perform transmission-level vegetation maintenance work for one year, plus the additional internal staff to supervise and manage the contract resources, would be approximately \$50 million.

The above estimate assumes the following:

- Cost would be in addition to the existing budget and current contractor staffing levels;

RESPONSES TO OCTOBER 18, 2022 TECHNICAL CONFERENCE REQUESTS

- New billing rates able to be obtained through the new procurement process would be comparable to existing billing rates;
- Qualified resources, either on island or off-island, and equipment to perform this work exist and can be deployed to Puerto Rico within a reasonable timeframe and at a reasonable cost;
- 500 FTEs would exclusively focus on the 230kV corridors.

If the existing budget and contractor crews were utilized to complete only 230kV vegetation maintenance work for an entire year, tree-caused outages would not significantly decrease because all of LUMA's current resources would no longer be available to reclaim distribution lines or provide the day-to-day support of operations activities, such as outage restoration (reactive work) and reliability, responding to customer requests, and clearing access (corrective) to lower voltage customer-serving lines and feeders.

Annual Budgets for Fiscal Year 2023

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20221018-PREB-002

SUBJECT

Legal Fees - Litigations

CLARIFICATION/REQUEST

- 1) Confirm if Torres vs. LUMA is the only case of this nature that is paid by ManageCo.
- 2) Provide a brief legal description for the litigations outlined in the table included in ROI-LUMA-MI-2021-0004-20220519-PREB-D14.

RESPONSE

- 1) LUMA wishes to clarify the discussion from October 18, 2022, Technical Conference between the Energy Bureau's consultant, Guy Mazza, and LUMA's Chief Regulatory Officer, Mario Hurtado, regarding a footnote included in ROI-LUMA-MI-2021-0004-20220519-PREB-D14. In response to Guy Mazza concerning a question regarding the footnote¹, Mario Hurtado stated that this is because ManageCo paid the fees for this specific case. Mr. Mazza asked LUMA to confirm this is the only case in this category. LUMA can confirm that Torres vs. LUMA is the only case of this nature that ManageCo paid.

¹ The footnote stated, " legal costs associated with Torres vs. LUMA are not included as a pass-through expenditure."

2) Brief legal descriptions of the litigations are outlined in the table below:

Litigation	Description
Litigation - Class Action	<p>The residential and commercial customers in the consolidated class actions filed with the Puerto Rico State Court ("Plaintiffs"), seek to be compensated for damages for LUMA's alleged failure to properly maintain and operate certain equipment pursuant to the T&D OMA that caused an island-wide blackout on April 6, 2022. Plaintiffs claim over \$500 million in damages.</p> <p>LUMA was served on July 19, 2022, and on July 29, 2022.</p>
Litigation - González Muñoz et al v Chubb Ins.	<p>LUMA is not a party to this case. A subpoena was issued to LUMA to produce documents related to an accident in which a minor suffered severe burns when he broke into a substation and touched PREPA equipment, on October 2, 2019. LUMA produced responsive documents on November 18, 2021.</p>
Litigation - José Vargas Collado v. LUMA	<p>Plaintiff claimed that he suffered damages due to LUMA's failure to reconnect his energy service. The parties reached a settlement agreement on October 28, 2021. A final judgment dismissing the case with prejudice was issued on October 29, 2021.</p>
Litigation - Martí Rodríguez et al. v. PREPA	<p>The customer requested injunctive relief to stop LUMA from suspending his electric service due to an unpaid amount transferred from a previous commercial account to his residential account. A hearing was held on January 3, 2022, and the claim was dismissed on January 4, 2022.</p>
Litigation – Méndez Oliver v. PREPA	<p>LUMA received a third-party subpoena to produce documents and testify at a deposition concerning an accident in which a man died electrocuted by a PREPA line while installing a commercial sign on a roof, on November 30, 2020. LUMA answered the subpoena's document requests, provided a document production on February 17, 2022, and provided a supplemental document production on February 28, 2022.</p>
Litigation- Tirado Vélez v. PREPA/LUMA	<p>Adversary proceeding within a now-closed Bankruptcy case under Chapter 7 of the Bankruptcy Code. Plaintiff claims that collection actions of a past-due account violate a discharge issued in 2015 in a Chapter 7 proceeding.</p>

Litigation	Description
Litigation - Windmar v. AEE	<p>Administrative Complaint under PREB's jurisdiction. Plaintiff sought declaratory and injunctive relief against LUMA and PREPA on compliance with Act 114-2007, as amended by Act 17-2019, regarding approvals of interconnections of Distributed Generation Systems to the Electric Grid.</p> <p>On August 15, 2022, the PREB issued a final resolution. On September 8, 2022, the PREB reiterated its August 15th resolution.</p>