

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

**NEPR**

**Received:**

**Nov 21, 2022**

**8:31 PM**

IN RE: REVIEW OF LUMA'S INITIAL  
BUDGETS

**CASE NO. NEPR-MI-2021-0004**

**SUBJECT: Supplemental Information on Questions  
Posed in Technical Conference of October 18<sup>th</sup>, 2022**

**SUPPLEMENTAL INFORMATION ON QUESTIONS POSED 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 19<sup>th</sup> Order”). This Energy Bureau issued one hundred and sixteen (116) requests for information, stated in Attachments A through F of the May 19<sup>th</sup> Order.

3. In compliance with the May 19<sup>th</sup> 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.<sup>1</sup>

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<sup>1</sup> 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.

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 16<sup>th</sup> 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 16<sup>th</sup> Order before July 29, 2022 at noon.

6. In compliance with the July 16<sup>th</sup> 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, and other procedural events were set (“August 12<sup>th</sup> Order”). In the August 12<sup>th</sup> Order, this Energy Bureau also issued seven (7) additional requests for information due on August 29, 2022.

8. On August 29, 2022, LUMA submitted its Responses in Compliance with the August 12<sup>th</sup> Order.

9. 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 7<sup>th</sup> Order”).

10. 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 13<sup>th</sup> Technical Conference”). Twenty-nine (29) members of LUMA’s work force 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.

11. Regarding the second day for the Technical Conference, this Energy Bureau informed that at the close of the September 13<sup>th</sup> 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.

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

13. Close to 5:00 pm during the September 13<sup>th</sup> 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.

14. On September 20, 2022, this Energy Bureau issued a Resolution and Order whereby it issued an amended procedural calendar in this proceeding (“September 20<sup>th</sup> Order”). 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.

15. In compliance with the bench orders issued on September 13<sup>th</sup> and the September 20<sup>th</sup> 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.

16. The second day 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.

17. On November 1, 2022, in compliance with the bench orders issued during the Technical Conference held in this proceeding on October 18<sup>th</sup>, LUMA submitted its responses to the questions posed by the Energy Bureau as well as additional information.

18. During the second day of the Technical Conference, this Energy Bureau stated that it would benefit from obtaining written confirmation on the availability of "matching" funds for restoration and recovery programs funded by the Federal Emergency Management Agency ("FEMA"), particularly, funds under the Action Plan for Electric System Enhancements under the Housing and Urban Development (HUD) Community Development Block Grant for Disaster Recovery (CDBG-DR). At the time, LUMA officers stated their understanding that said written confirmation on availability of "matching" funds, should be issued by the Government of Puerto Rico. Following the Technical Conference, LUMA proceeded to seek additional information from

the Government of Puerto Rico regarding the availability of “matching” funds as requested by the Energy Bureau during the second day of the FY2023 Annual Budgets Technical Conference of October 18<sup>th</sup>. LUMA hereby respectfully submits supplemental information on the subject matter that was discussed during the October 18<sup>th</sup> Technical Conference on availability of “matching” funds for FEMA-funded programs.

19. As **Exhibit 1** of this Motion and to supplement the information that LUMA provided during the October 18<sup>th</sup> Technical Conference, LUMA submits a letter by Francisco Berríos Portela, Deputy Chief of Staff for Energy Affairs, for the Government of Puerto Rico Chief of Staff Office, dated November 21, 2022, with the subject matter “Matching funds for electric works funded by FEMA.”

**WHEREFORE**, LUMA respectfully requests that the honorable Bureau **take notice** of the aforementioned for all purposes.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 21<sup>st</sup> 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](mailto:jmarrero@diazvaz.law) and [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law).



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*/s/ Margarita Mercado Echegaray*  
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*Exhibit 1*  
*Letter dated November 21, 2022*



GOVERNMENT OF PUERTO RICO  
CHIEF OF STAFF OFFICE

November 21, 2022

Shay Bahramirad, PhD  
Senior Vice President – Engineering, Asset Management and Capital Programs  
LUMA Energy

Mario Hurtado  
Chief Regulatory Officer  
LUMA

**Re: Matching funds for electric works funded by FEMA**

Dear Dr. Bahramirad and Mr. Hurtado:

As recently discussed, LUMA Energy is requesting information about the required matching funds needed for the electric works under the FEMA allocations to repair and modernize Puerto Rico's electric grid which are currently not identified.

The Action Plan for Electric System Enhancements under the Housing and Urban Development (HUD) Community Development Block Grant for Disaster Recovery (CDBG-DR) includes an allocation of \$500MM for the ER1 program. This program will provide the required 10% matching for up to \$5,000MM in works to be performed. As the budget for works to be performed by LUMA Energy exceed the amount covered with the identified matching funds we recognize the importance of identifying the additional required source of matching.

As requested during our recent meeting with Secretary Jennifer Granholm, on November 8, 2022 we received from LUMA Energy a spend projection for the works related to FEMA 428 & 406 programs. The provided projection identifies that the matching funds allocated under CDBG-DR ER-1 program will satisfy the needs for the spends incurred at least until the end of 2026. It's also projected that starting in 2027 an annual budget of approximately \$166MM will be required for the purpose of matching the FEMA funds related to the works to be performed by LUMA Energy.

With the provided projections, the Government of Puerto Rico's fiscal team will initiate a plan to identify and allocate the required funds for the required matching when the CDBG-DR ER-1 program budget is used. Further details about the plan and funds identification will be shared and discussed with LUMA Energy.

The works to improve and modernize the electric system are a top priority to the administration of Governor Pedro R. Pierluisi. We recognize the works to be performed under the FEMA allocations includes multiple approval levels and complex long-term planning that LUMA Energy is working. As part of the planning stage, we appreciate to keep updates about the projected budget and matching needs to make to make sure any required adjustment to the plan to identify and allocate the additional needed funds for matching can be addressed.

Regards,



Francisco Berríos Portela  
Deputy Chief of Staff for Energy Affairs

- c Carlos M. Yamin, Government Deputy Chief of Staff
- Omar Marrero, Secretary of State & Executive Director AAFAF
- Juan C. Blanco, Executive Director OGP
- Fermin Fontanés, Executive Director P3A