

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

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IN RE: REVIEW OF LUMA’S INITIAL BUDGETS

CASE NO. NEPR-MI-2021-0004

SUBJECT: Motion in Compliance with Directive of Resolution and Order of February 27, 2023, on the Emergency Response Preparedness Improvement Program

MOTION IN COMPLIANCE WITH DIRECTIVE OF RESOLUTION AND ORDER OF FEBRUARY 27, 2023, ON THE EMERGENCY RESPONSE PREPAREDNESS IMPROVEMENT PROGRAM

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 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 FOMB.

3. On July 16, 2022, the Energy Bureau entered a Resolution and Order (the “July 16th Order”) whereby it took notice of the Certified Budget. In what is pertinent here, 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 RFIs included in the July 16th Order. In compliance with the July 16th Order, on July 29, 2022, LUMA submitted the information requested.

4. After other procedural developments, 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 (“August 12th Order”). In the August 12th Order, this Energy Bureau also issued seven (7) additional requests for information due on August 29, 2022. On August 29, 2022, LUMA submitted its Responses in Compliance with the August 12th Order.

5. 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”). Throughout the Technical Conference, this Energy Bureau and its consultants issued eighteen (18) RFIs, some of which include several requests.

6. 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 four (4) responses to the RFIs. In further compliance with the bench orders issued on September 13th and the September 20th Order, on October 12, 2022, LUMA submitted a second set of fourteen (14) responses to the RFIs as *Exhibit 1* to this motion.

7. After several procedural events, a second Technical Conference was held on October 18, 2022.

8. During the second day of the Technical Conference, the Bureau issued bench orders with two (2) additional RFIs. In compliance therewith, on November 1, 2022 LUMA submitted its responses to those two (2) requests through a motion titled *Submission of Responses to Requests*

for Information in Compliance with Bench Orders Issued During Technical Conference of October 18, 2022.

9. On November 28, 2022, this Energy Bureau entered a Resolution and Order whereby it scheduled a confidential or closed Technical Conference for December 13, 2022 at 2:00 pm (AST) to facilitate its review of certain confidential information submitted by LUMA in response to the Energy Bureau's multiple RFIs in this proceeding. At LUMA's request, the conference was re-scheduled and celebrated on December 20th. During the closed Technical Conference, the Energy Bureau issued another round of RFIs directed to LUMA.

10. On December 28, 2022, LUMA submitted a First Set of Responses to the Requests for Information issued during the closed Technical Conference. *See Motion Submitting First Set of Responses to Requests for Information Issued During December 20, 2022, Closed Technical Conference and Request for Confidential Treatment.* LUMA requested an extension of four (4) business days, or until January 12th, to submit the remaining responses to the RFIs issued by the Energy Bureau during the closed Technical Conference.

11. On January 11, 2023, LUMA filed a *Motion Submitting Responses to Pending Requests for Information Issued during December 20, 2022 Closed Technical Conference and Request for Confidential Treatment* ("January 11th Motion"). In addition, in the January 11th Motion LUMA informed that it would complete RFI-LUMA-MI-2021-0004-20221220-PREB-001, sub-part (d) as soon as possible, because the persons who may confirm the information were out of the office.

12. On January 12, 2023, LUMA submitted its response to RFI-LUMA-MI-2021-0004-20221220-PREB-001, sub-part (d). *See Motion Submitting Response to RFI-LUMA-MI-2021-0004-20221220-PREB-001(d) Issued during the December 20, 2022 Closed Conference and*

Request for Confidential Treatment. On January 26, 2023, LUMA submitted an Amended Response to RFI-LUMA-MI-2021-0004-20221220-PREB-001(d). *See Motion Submitting Response to RFI-LUMA-MI-2021-0004-20221220-PREB-001(d) Issued during the December 20, 2022 Closed Conference and Request for Confidential Treatment.*

13. On February 10, 2023, this honorable Energy Bureau issued a Resolution and Order whereby it ordered the Puerto Rico Electric Power Authority (“PREPA”) to present to LUMA for LUMA to file with the Energy Bureau (i) all the documentation PREPA submitted to the FOMB in connection with a certain letter dated January 11, 2023, from PREPA to the FOMB; and (ii) copy of the contracts that PREPA has subscribed in the past six (6) months regardless of their amount. In compliance with the February 10th Order, on February 17, 2023, LUMA submitted, on behalf of PREPA, the documents produced by PREPA in response to the February 10th Order. LUMA also submitted on behalf of PREPA, a list of the contracts executed by PREPA between August 1, 2022 and February 1, 2023. LUMA also submitted on behalf of PREPA, the PREPA contracts.

14. On February 27, 2023, this Energy Bureau issued a Resolution and Order approving the Certified Budget, subject to conditions and reporting requirements (“February 27th Order”). In what is relevant to this Motion, on pages 22 through 24 of the February 27th Order, this Energy Bureau discussed the proposed allocations of funds for the Emergency Response Preparedness Improvement Program and highlighted the fact that because said program is not part of the System Remediation Plan, a timeline of its completed state was not included in the Improvement Program Brief. *See* February 27th Order, page 23. Furthermore, this Energy Bureau stated that LUMA did not include sufficient information on the adequacy of the Budget for the Emergency Response Preparedness Improvement Program. *See id.*

15. On page 24 of the February 27th Order, this Energy Bureau ruled that “[t]he status of the f[u]nding initiatives raised in the Budget proposals . . . should be provided in the Budget proceeding to enable the Energy Bureau to readily determine the adequacy of funding.” Accordingly, this Energy Bureau directed that within thirty (30) days, LUMA should update and submit “the information provided in the July 13 Petition with respect to Emergency Response Preparedness and the ERP to accurately reflect its current status. . . .”

16. In compliance with the February 27th Order, LUMA respectfully submits as Exhibit 1, an updated version of the FY2023 Emergency Response Preparedness Improvement Program with the status of the program as of March 9, 2023. Said updated version of the Emergency Response Preparedness Improvement Program includes an update on the Program Description (Section 1.0); an update on the Program Activities (Section 2.4) and adds a Section on Program Milestones and Timelines (Section 3.4). LUMA respectfully informs that in its submission of the proposed Budgets for FY 2024, it will include information on the costs associated with emergency preparedness activities across LUMA.

WHEREFORE, LUMA respectfully requests that the honorable Bureau **take notice** of the for all purposes; and **deem** that LUMA complied with that portion of the February 27th Order that required an update on LUMA’s Emergency Response Preparedness Improvement Program.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 29th day of March, 2023.

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 attorney of record: jmarrero@diazvaz.law.



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Exhibit 1

Emergency Response Preparedness

Emergency Response Preparedness

1.0 Program Description

This program is focused on emergency response management. The program supports implementation of the Emergency Response Plan (ERP) and establishes the Emergency Preparedness Department. Also included are the establishment of a primary and alternate LUMA Emergency Operations Center (EOC), along with development and elaboration of plans, processes, and procedures to be enacted in the event of an emergency.

These will include measures to be put in place before, during and after a disaster. Additionally, the program supports acquisition of damage assessment software and other emergency awareness software. This program is interdependent with the following programs:

- IT OT Asset Management Program – initiatives to improve the connectivity model, improve GIS data, and enhance the capability of OMS to capture and resolve outages will improve LUMA's responses to any emergency-related outages.
- Workflow Processes & Tracking Program – the implementation and use of a modernized work planning and tracking software system will improve the coordination, dispatch, and oversight of field crews to respond to emergency-based outages and will simplify the administration of emergency events.

The funding associated with those activities are included in the budgets for those programs. Emergency response preparedness is a shared responsibility across LUMA, but this program does not include funding for preparedness activities from across the organization. This funding for this program is limited to the costs associated with supporting the organization to implement the ERP and establishment of the EOC. Each of LUMA's departments conducts emergency preparedness activities on an annual and ongoing basis and the funding for this work is included in within LUMA's operating expenditures.

2.0 Program Rationale

2.1 Initial State & Identified Gaps

LUMA is responsible for the safe operations of the Puerto Rico Transmission and Distribution Electrical System which includes responding quickly and efficiently to any emergency or natural disaster. Through a gap assessment, interviews, and observations, LUMA has identified that the current emergency response preparedness and readiness is well below Prudent Utility Practice. This large gap leaves employees, the electrical system and customers unprotected.

The gap assessment included the following high-level event-specific observations:

- Major challenges in predicting the severity of storm damage and ensuring adequate resources (staffing and material) are on site and ready to go in advance or immediately after the storm.

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- A poorly functioning OMS (lacking current connectivity information) and lack of proper IT visualization and analytic tools add to the difficulty of prioritizing and reporting on restoration efforts, along with adjusting regional staffing levels to match damage levels across the system.
- The restoration process does not have formal operating procedures and checklists, resulting in inconsistencies in service restoration protocols. This also leads to potential safety and operational hazards.

The overall emergency response uses a manually intensive approach from initial damage assessments to coordinating/deploying crews, to using logbooks to track system operations, to verifying/confirming service restoration places. All of this creates undue strain on the management of the service restoration process. Other gaps identified outside of event-specific responses include:

- Though the current EOC function is centralized (and then distributed to functions and then regions), it resides in two locations. When combined with technology constraints, this setup inhibits the capability to gain integrated and comprehensive situational awareness of the entire event. Constraints suggest the need for an incident management platform to display and share information; this will create more transparency that includes general incident overview, damage assessment data, status of transportation routes and inventory, incident command priorities, safety information and overall situational awareness to ensure a common operating picture.
- Varying levels of competence and familiarity with implementation of the Incident Command System (ICS) suggesting the need for training, exercises, and a formal certification process. This would start with the use of available online training modules along with targeted onsite training to fill gaps in the online modules.
- Resource planning needs to be further strengthened despite recent improvements. This includes developing more strategic relationships for mutual assistance, materials, and addressing gaps around specific skills and competencies.
- PREPA currently lacks major event management software, which is required to automate and integrate field-provided damage information into a full-scale management system (including assessments, generation of work orders, field team locations, restoration timelines, and justification for FEMA support).
- Manual damage assessment process: This affects the timeliness of and ability to integrate information from the field.
- Siloed approach to Emergency Response and Business Continuity Plan development and implementation.

As required under the T&D OMA, LUMA is preparing the ERP during the Front-End Transition Period. (T&D OMA, Section 4.2 (g)). The ERP will include measures for appropriate and timely notice to PREB and other agencies, measures to coordinate effectively with other responders, measures for outage minimization and restoration (to be established in the Restoration Annex), and timely availability of emergency resources.

2.1.1 Additional Gaps Identified Post-Commencement

No additional gaps were identified at this time.

2.2 Description of Remediated State

This program is not part of the SRP.



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2.3 Description of Program Completed State

Upon commencement of operations, LUMA will immediately implement the ERP developed during the Front-End Transition Period. LUMA will also have established a fully operational Emergency Preparedness Department to ensure compliance with federal requirements and industry standards while managing the comprehensive emergency management and business continuity program. A NIMS-compliant ICS structure will be in place with staff trained on their roles and responsibilities permitting a safe and timely response and restoration process. Mutual aid agreements will be in place for external resources to promote collaboration and successful response and restoration on Level 1, 2, and 3 Emergency Event responses. The ERP will be based on best practices and standards from the utility industry, FEMA, and NIMS. LUMA will evaluate opportunities for accreditation and certification in line with objectives for this program.

LUMA's ERP will continue to enhance emergency operations, enabling LUMA to restore service to their clients as quickly and safely as possible. Maximum support from across LUMA will be provided to Emergency Preparedness Department and to the EOC, when activated, and restoration efforts will be managed in accordance with the Major Outage Restoration Annex. To ensure alignment, the ERP will provide direction, control, and coordination while the Restoration Annex provides the guidance necessary for restoration prioritization and operational details for response.

LUMA will have a fully functional primary EOC established in a permanently fixed location with an alternate EOC location implemented. All equipment, technology, and staff will be in place and fully implemented with the necessary training.

LUMA will have an incident management platform in place to enable real-time information sharing, situational awareness, and documentation collection. Outage Event Management software will also be in place that allows daily operations staff to visibly see outages in real-time, relay information and enable the EOC to dispatch response crews to areas across the island. This will help to:

- Implement base restoration priorities
- Restore generation, then critical transmission, then substations, critical or priority customers, large volume customers then individual residences

2.4 Program Activities

- Identification and establishment of functional EOC location including acquisition / upgrading of equipment, technology, etc. (Complete)
- Identification of alternate EOC location that can be utilized, staged, and activated (Complete).
- Complete an assessment on availability of Federal Funding to relocate and construct a modernized primary EOC with industry-leading technologies in an area with fewer natural hazards
- Establishment of the Emergency Preparedness Department (Complete)
- Procurement and implementation of required tools, including: an incident management platform, a damage assessment platform, an event outage management platform, and a business continuity platform
- Development of training modules, exercises, and a formal certification process for employees in use of the ICS and the Restoration Annex A
- Development of an adequate resource plan to be implemented in emergencies, including development of more strategic relationships, materials, addressing skills / competency gaps, etc., and identification

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and reallocation of key system spares so that they are available and staged in strategic locations (Complete)

- Development and implementation of communications strategy to educate stakeholders (e.g., Puerto Rico residents, government agencies, etc.) and engage local support for major outage events (Complete)

2.4.1 Additional Activities Identified Post-Commencement

No additional activities were identified at this time.

2.5 Program Benefits

Primary Goals	Objectives	Direct or Indirect Impact
<input checked="" type="checkbox"/> Prioritize Safety	<input checked="" type="checkbox"/> Promote a Safe Workplace	Direct
	<input checked="" type="checkbox"/> Implement Effective Public Safety Practices	Direct
<input checked="" type="checkbox"/> Improve Customer Satisfaction	<input checked="" type="checkbox"/> Deliver a Positive Customer Experience	Direct
	<input type="checkbox"/> Increase Service Reliability	
	<input checked="" type="checkbox"/> Deliver Electricity at Reasonable Prices	Indirect
<input checked="" type="checkbox"/> Operational Excellence	<input type="checkbox"/> Enable Systematic Management of the Business	
	<input checked="" type="checkbox"/> Pursue Project Delivery Excellence	Direct
	<input checked="" type="checkbox"/> Enable Employees to Execute Operations Systematically	Direct
<input checked="" type="checkbox"/> System Rebuild & Resiliency	<input type="checkbox"/> Effectively Deploy Federal Funding	
	<input checked="" type="checkbox"/> Restore Damaged Grid Infrastructure	Direct
	<input checked="" type="checkbox"/> Improve Resilience of Vulnerable Infrastructure	Direct
<input type="checkbox"/> Sustainable Energy Transformation	<input type="checkbox"/> Modernizing the Grid	
	<input type="checkbox"/> Enable the Digital Transformation	
	<input type="checkbox"/> Enable the Sustainable Energy Transformation	
<input type="checkbox"/> Other	<input type="checkbox"/> Other	

PRIMARY GOAL: PRIORITIZE SAFETY

Objective: Promote a Safe Workplace

Objective: Implement Effective Public Safety Practices

Better emergency response training will help reduce the risk of injury or fatality to employees, along with enabling them to meet LUMA and OSHA safety rules and required laws and regulations.



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This program will also enable LUMA to respond more quickly and efficiently to outages and emergencies such as downed lines and traffic accidents, thereby reducing public safety risks.

PRIMARY GOAL: IMPROVE CUSTOMER SATISFACTION

Objective: Deliver a Positive Customer Experience

Objective: Deliver Electricity at Reasonable Prices

Employees will be able to respond to customer needs quicker, especially in the case of outages. More streamlined emergency response also reduces their associated costs, as such allowing for electricity to be delivered at more reasonable prices.

Increases satisfaction due to better communication on outages, including being able to reach the call center, automated messaging and up to date Estimated Time of Restoration (ETR).

PRIMARY GOAL: OPERATIONAL EXCELLENCE

Objective: Pursue Project Delivery Excellence

Objective: Enable Employees to Execute Operations Systematically

This program will help to reduce employee overtime requirements due to better planning and more focused actions to prioritize restoration. This will also lead to less employee downtime and higher employee satisfaction.

Better emergency preparedness will also help to improve both system and employee productivity. Systematic processes and procedures reduce the probability for error and ensure employee resilience.

PRIMARY GOAL: SYSTEM REBUILD & RESILIENCY

Objective: Restore Damaged Grid Infrastructure

Objective: Improve Resilience of Vulnerable Infrastructure

In the event of an emergency, disaster or catastrophic event, this program will aid LUMA employees to be better prepared to respond to outages, restore damaged infrastructure and make the necessary repairs more efficiently and expediently.

A robust ERP, the Major Outage Restoration Annex, Business Continuity Plan, and highly trained and qualified employees promote resilience and ensure success of the system.

This program will enable LUMA to follow best practices, comply with industry standards, and increase the reliability of response and recovery efforts across the organization.

2.6 Program Risks

There is a substantial downside risk to failing to pursue this program. An ERP and Restoration Annex are basic requirements for all utilities. These are particularly critical given the fragile current state of physical T&D assets. Given this, a well-organized approach to an event is of utmost importance. LUMA is also contractually obligated to deliver on this project as per the T&D OMA.

Furthermore, the current lack of proper plans and a preparedness training and exercise program severely limit LUMA's emergency response capability. Another large-scale incident such as Hurricane Maria would

Emergency Response Preparedness

result in major outages occurring without a coordinated, efficient, and timely emergency response bringing detriment to the island.

3.0 Program Funding

3.1 Program Funding (\$ millions)

Description	2023 Estimate	2024 Estimate	2025 Estimate	2026+ Estimate
Total Expenditures	\$0.2	\$1.6	\$0.3	\$1.4
SRP Expenditures	—	—	—	—

3.2 Program Resource Requirements

Office space, equipment, and resources to operationalize the Emergency Preparedness Department as well as the Emergency Operations Center to include funding for annual budget, along with software and hardware acquisition for:

- Incident management platform
- Event outage management platform
- Damage assessment platform
- Business continuity platform

3.3 Estimating Methods & Assumptions

Cost estimates are compiled based on estimated vendor costs and parent companies' experience. These estimates assume the following applicable standards and codes:

- OSHA
- IEEE
- LUMA's safety practices, programs, and work methods
- Prudent utility industry standards
- Labor law
- State law

Program Standards or Requirements include:

- FEMA
 - Comprehensive Preparedness Guide (CPG) 101: Developing and Maintaining Emergency Operations Plans
 - Comprehensive Preparedness Guide (CPG) 201: Threat and Hazard Identification and Risk Assessment Guide
 - National Preparedness Goal (NPG)
 - National Response Framework (NRF)
 - National Disaster Recovery Framework (NDRF)
- Presidential Policy Directive (PPD) 8 – National Preparedness
- Homeland Security Presidential Directive 5 (HSPD-5) – National Incident Management System



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- Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended
- Post-Katrina Emergency Management Reform Act (PKEMRA), 2006
- Housing and Economic Recovery Act of 2008
- The National Security Strategy, May 2010
- Emergency Management and Assistance, Code of Federal Regulations, (CFR) 44
- Price-Anderson Amendments Act of 1988, Public Law 100-408, as amended
- Emergency Management Assistance Compact, Public Law 104-321
- National Incident Management System (NIMS), December 2008
- Homeland Security Presidential Directive (HSPD) 7: Critical Infrastructure Identification, Prioritization, and Protection, December 2003
- Executive Order 13347, Federal Register, Individuals with Disabilities in Emergency Preparedness
- Americans with Disabilities Act (ADA) of 1990
- ADA Guide for Local Governments, U.S. Department of Justice, July 2005
- Guidance on Planning for Integration of Functional Needs Support Services (FNSS) in General Population Shelters, November 2010
- Developing and Maintaining Emergency Operations Plans: Comprehensive Preparedness Guide (CPG) 101: Version 2.0 November 2010
- Sandy Recovery Improvement Act (SRIA) of 2013
- Disaster Relief Appropriations Act of 2013

3.4 Program Timeline & Milestones

