

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

NEPR

Received:

May 15, 2023

11:23 PM

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 Quarterly Report on
Federal Funding Activities**

**MOTION SUBMITTING QUARTERLY REPORT ON
FEDERAL FUNDING ACTIVITIES FOR THE THIRD QUARTER OF 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 submits 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 (“COR-3”)], 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.*³

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-2021-0004 (“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. With respect to the reporting on the Initial Budgets, the May 31st Resolution provided, in Section IV, paragraph 2, that:

LUMA shall provide quarterly reports to the Energy Bureau detailing Initial Budget spending amounts, broken out by spending initiative, and detailing any variances from the Initial Budget filing. These reports should also include detail allowing the Energy Bureau to assess funding, withdrawals and outstanding balances in the Operating Budget, the Capital Budget and the Generation Budget Accounts outlined in the [Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement executed among the Puerto Rico Electric Power Authority (“PREPA”), LUMA and the Puerto Rico Public Private Partnerships Authority (“P 3 Authority”) dated as of June 22, 2020 (“T&D OMA”)].

May 31st Initial Budgets Resolution and Order at p. 36.

4. 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

³ This Energy Bureau thereafter confirmed that this directive applied to both PREPA and LUMA. *See* Resolution and Order of August 20, 2021, at p. 3.

federal funding reporting requirements under the May 31st Initial Budgets Resolution and Order to provide as follows:

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 Resolution and Order at p. 6.

5. In alignment with the quarterly reporting requirements in Case NEPR-MI-2021-004, LUMA hereby submits to the Energy Bureau the Quarterly Federal Funding Report for the period ending March 31, 2023, with an update on federal funding activities for the third quarter of FY 2023 (“Q3 Federal Funding Report”). *See Exhibit 1*. The Q3 Federal Funding Report details the status of Federally-Funded Transmission and Distribution Projects as of March 31, 2023, including the number of projects and estimated costs, as well as the status of federal funding reimbursements.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the above on the filing of the Q3 Federal Funding Report, **accept** the Q3 Federal Funding Report attached as *Exhibit 1*, and **deem** that LUMA complied with the quarterly reporting on federal funding activities.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of May 2023.

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



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Exhibit 1
Q3 Federal Funding Report



LUMA Quarterly Federal Funding Report

For the period ending March 31, 2023

May 15, 2023

LUMA Quarterly Federal Funding Report

Executive Summary

All of us who work for LUMA – 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 the Central Office for Recovery, Reconstruction and Resilience (COR3) and Federal Emergency Management Agency (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 (DOE) electrical system improvement Grants, United States Department of Housing and Urban Development (HUD) and Puerto Rico Department of Housing (PRDOH) Community Development Block Grant Disaster Recovery (CDBG-DR) Programs for Hazard mitigation, Grid Resilience and Cost Share as well as FEMA 406HM 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 third quarter of the Fiscal Year 2023 (3QFY2023), LUMA has achieved the following to date:

- Constructed and energized six projects.
- Submitted to the PREB 206 Project/Program¹ initial Scopes of Work (iSOWs) representing an estimated \$11.2 billion in reconstruction work that is being advanced by LUMA.
- Submitted to COR3/FEMA a total of 341 iSOWs representing an estimated \$7.1 billion in reconstruction activities, of which 324 have received a FEMA FAAS number.
- Submitted 135 Detailed SOWs (DSOWs) to COR3/FEMA for approval representing an estimated \$1.4 billion.
- Received FEMA Obligation for 102 projects representing an estimated \$454.9 million.
- Executed seven architecture and engineering (A&E) contracts, eight 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. 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 federally funded 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 Puerto Rico Energy Bureau (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

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LUMA Quarterly Federal Funding Report

1.0 Federal Funding Activities

1.1 Introduction

On June 1, 2021, LUMA assumed overall responsibilities for PREPA's Transmission and Distribution System (T&D System) as specified in the Transmission and Distribution Operating and Maintenance Agreement (T&D OMA) between Puerto Rico Electric Power Authority (PREPA), Puerto Rico Public-Private Partnerships Authority (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 Puerto Rico 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 by LUMA 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 EHP, 406HM, and 404HM teams in order to advance projects. LUMA remains focused on construction activities of federally funded projects including streetlight repairs and critical distribution pole replacements, preliminary engineering activities and submissions of DSOWs 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 Q3 to continue moving forward with federally funded projects.

1.2.1 Key Activities

- Constructed and energized² one project.
- Received 41 Project Obligations from FEMA for T&D Projects.
- Submitted 18 DSOWs to COR3 and FEMA.
- Received FEMA FAAS number for 58 T&D Projects.
- Submitted 65 iSOWs to FEMA for FAAS number.
- Submitted three iSOWs to the PREB.
- LUMA continued repairs due 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 billions of dollars in damage 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.

² The term "energized", in this context, is to be considered as such time from which the asset is operating as part of the T&D System.

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. Key construction progress made by the end of the third quarter includes the following:

- Constructed and energized six projects to date, including four Distribution Pole and Conductor Replacement projects in Arecibo, Caguas, and Bayamón regions, one Substation Rebuilds project, and one Transmission Pole Replacement project.
- Performed construction activities on 21 Distribution Pole and Conductor Replacement projects in Arecibo, Bayamón, Caguas, Carolina, Mayagüez, Ponce, and San Juan Regions. 54 additional FEMA Obligated Distribution Pole and Conductor Replacement projects are in the detailed engineering phase and preparing to start construction activities.
- Construction activities continued with 11 Streetlight projects within Aguada, Aibonito, Cataño, Dorado, Guánica, Hatillo, Lajas, Luquillo, Manatí, Maunabo and Villalba.
- Three FEMA Obligated Transmission Priority Pole Replacements, as well as three Transmission Line Rebuild projects are in the detailed engineering phase and preparing to start construction activities.
- One Substation Rebuild project —Cataño Rebuild 1801— is in the detailed engineering phase and preparing to start construction activities.
- One FEMA Obligated Distribution Line Rebuild project is in the detailed engineering phase and preparing to start construction activities.
- Construction contractors to support the Substation Minor Repairs Programs were identified and the first contract with a contractor was signed in January.
- A formal RFP procurement for construction contractors to support the Transmission Priority Pole Replacement was issued.

1.2.3 FEMA Cost Obligated Projects

During this reporting period, LUMA received Project Obligations from FEMA for 41 T&D Projects, including 37 Distribution Pole and Conductor Replacement projects, three Distribution Streetlight projects, and one Transmission Priority Pole Replacements project. These obligations represent an estimated \$106.4 million in project costs.

Notably, LUMA has received FEMA Obligation for a total of 102 projects representing \$454.9 million of project costs and a Long Lead Material FEMA Obligation for \$650 million. These FEMA Obligated projects include \$30.7 million of 406HM costs.

1.2.4 Detailed Scopes of Work

During this reporting period, LUMA submitted to COR3 and FEMA DSOWs (including 406HM) for 15 Distribution Pole and Conductor Repair projects, and three Distribution Streetlighting projects.

LUMA is utilizing contracts with various A&E firms to perform preliminary engineering design work on federally funded projects. LUMA has executed seven A&E contracts to date and is working on additional contracts to meet forecasted needs.

LUMA Quarterly Federal Funding Report

1.2.5 Initial Scopes of Work

LUMA continues to advance iSOWs for PREB approval and FAAS number assignment by FEMA. By the end of Q3 FY 2023, LUMA had submitted to the PREB a total of 206 iSOWs to date representing an estimated \$11.2 billion in reconstruction work. In this reporting period, LUMA submitted a total of three iSOWs, including one Substation Reliability project, one Advanced Metering Infrastructure (AMI) Implementation Program and one Renewable Network Upgrades project for PREB Approval and subsequently to FEMA/COR3 for FAAS number assignment.

By the end of Q3 FY 2023, LUMA had submitted to FEMA a total of 341 iSOWs to date representing an estimated \$7.1 billion in reconstruction activities³. During this reporting period, LUMA received FEMA FAAS number for 58 T&D Projects, including the Renewable Network Upgrades project, bringing the total of initiated FEMA FAAS projects to 324. In addition, LUMA submitted 65 iSOWs for FAAS numbers to FEMA under programs/ projects already approved by PREB consisting of 23 Distribution Pole and Conductor Replacement projects, 21 Transmission Priority Pole Replacement projects, 15 Distribution Streetlighting projects, and two Distribution Automation projects.

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 progress on the following activities:

- Submitted three full applications papers for funding under the Infrastructure Investment and Jobs Act (IIJA), including a \$180 million proposal to harden a portion of the underground transmission loop in San Juan.
- Engaged with our grid recovery partners on additional federal funding opportunities to include DOE electrical system improvement Grants, HUD and PRDOH CDBG-DR Programs for Hazard mitigation, Grid Resilience and Cost Share as well as FEMA 406HM proposals in all major asset categories and projects.

2.0 Federally Funded Project Status

At the end of Q3, LUMA had submitted to FEMA a total of 341 iSOWs for T&D Projects representing an estimated \$7.1 billion in reconstruction activities.

1. Of the 341¹ projects noted, 206 projects representing ~\$5.7 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 206 projects noted above, LUMA submitted 135 DSOWs to COR3/FEMA for approval representing \$1.4 billion.
3. Of the 135 projects noted above, LUMA has received FEMA Obligation for 102 projects representing \$0.455 billion.

³ The following Project Worksheets (PWs) are not included: "FAAS [Equipment and Materials]", "MEPA181-Others- PREPA Management Costs", and "FAAS A&E PREPA".

LUMA Quarterly Federal Funding Report

Table 2-1 below outlines the aggregated status of all planned federally funded projects and their respective estimated value.

2.1 Status of Federal Funded Projects as of March 31, 2023

Table 2-1 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)	206	\$5.7
Project Detailed SOWs submitted to FEMA pending Obligation.	33	\$.985
Projects Obligated by FEMA enabling Detailed Engineering and Construction. <ul style="list-style-type: none"> These FEMA Obligated projects includes \$0.030 billion of 406 costs. Projects Obligated in Detailed Engineering Phase– 62 (\$0.07). Projects Obligated in Execution Phase – 32 (\$0.19). Projects Obligated and Construction Completed – 5 (\$0.003). 	102	\$0.455
Total	341	\$7.1

⁽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 2-2 below outlines federal funding by source and status submitted for reimbursement as of March 31, 2023.

2.2 Status of Federal Funding Reimbursement as of March 31, 2023

Table 2-2 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	\$49	\$19	\$11