

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

**NEPR**

**Received:**

**May 18, 2023**

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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 Revised Second Quarter  
Federal Funding Report for the Fiscal Year 2023**

**MOTION SUBMITTING LUMA'S REVISED SECOND QUARTER FEDERAL  
FUNDING REPORT FOR THE FISCAL YEAR 2023**

**TO THE PUERTO RICO ENERGY BUREAU:**

**COME NOW LUMA Energy, LLC** (“ManagementCo”)<sup>1</sup>, and **LUMA Energy ServCo, LLC** (“ServCo”)<sup>2</sup>, (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 26<sup>th</sup> 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 26<sup>th</sup> Order at p. 19. In connection with FEMA 428 funds, the Energy

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<sup>1</sup> Register No. 439372.

<sup>2</sup> 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.*<sup>3</sup>

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 31<sup>st</sup> Initial Budgets Resolution and Order”).

3. In the May 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 16<sup>th</sup> Initial Budgets Resolution and Order”) in which it modified the

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<sup>3</sup> 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 31<sup>st</sup> 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 16<sup>th</sup> Resolution and Order at p. 6.

5. On February 14, 2023, LUMA filed a *Motion Submitting LUMA's Second Quarter Federal Funding Report for Fiscal Year 2023*, in which it submitted to the Energy Bureau its second comprehensive Quarterly Report for the 2023 fiscal year for the quarter ending December 31, 2022 ("Q2 Report"), in alignment with the quarterly reporting requirements in Case NEPR-MI-2021-004 ("February 14<sup>th</sup> Submission").

6. The Q2 Report inadvertently included erroneous dollar amounts in Table 4-2 concerning the Federal Funding Reimbursement Status Summary. LUMA hereby submits a revised version of the Q2 Report that contains the correct dollar amounts for the Federal Funding Reimbursement Status Summary as *Exhibit 1* to this Motion. As such, LUMA respectfully requests the Energy Bureau to remove from the record the Exhibit filed with the February 14<sup>th</sup> Submission and upload the Q2 Report submitted herein as *Exhibit 1* to this Motion to the docket.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the above on the revised filing of the Q2 Report and **accept** the attached *Exhibit 1* as LUMA's quarterly reporting on federal funding activities under the instant proceeding.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 18<sup>th</sup> day of May 2023.

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](mailto:jmarrero@diazvaz.law).



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*Exhibit 1*



# LUMA Quarterly Federal Funding Report

For the period ending December 31, 2022

February 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 1<sup>st</sup>, 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 the United States 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 second quarter of the Fiscal Year 2023 (2QFY2023), LUMA has achieved the following to date:

- Constructed and energized five projects to date.
- Submitted 203 Project/Programs<sup>1</sup> initial Scopes of Work (iSOWs) to date, representing an estimated \$10.3 billion in reconstruction work that is being advanced within LUMA.
- Initiated a total of 282 FEMA FAAS Projects to date, representing an estimated \$6.7 billion in reconstruction activities.
- Submitted 111 Detailed SOWs (DSOWs) to COR3/FEMA for approval representing an estimated \$2.3 billion.
- Received FEMA Obligation for 61 projects representing an estimated \$0.3 billion.
- 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 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.

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<sup>1</sup> Note that the Programs iSOWs presented are being divided into multiple Projects. An example is the Streetlight Program iSOWs 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 within 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 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 Q2 to continue moving forward with federally funded projects.

#### 1.2.1 Key Activities

- Received 29 Project Obligations from FEMA for T&D projects.
- Submitted 39 DSOWs to COR3 and FEMA.
- Submitted 61 iSOWs to PREB.
- Submitted 47 iSOWs to FEMA for FAAS number.
- Received awards for two projects under the Renewables Advancing Community Energy Resilience Funding Program (RACER) of the DOE.
- LUMA continued its response 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 \$3 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's emergency.

#### 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

## LUMA Quarterly Federal Funding Report

undertaken over time in line with restoration and remediation efforts. Key construction progress made by the end of the second quarter includes the following:

- Constructed and energized five projects to date, including three Distribution Pole Replacement projects in Arecibo, Caguas, and Bayamón regions, one Substation Rebuilds project and one Transmission Pole Replacement project.
- Performed construction activities on 15 Distribution Pole Replacement projects in Arecibo, Bayamón, Caguas, Carolina, Mayagüez, Ponce, and San Juan Regions. Eight additional FEMA Obligated Distribution Pole Replacement projects are in the execution phase and preparing to start construction activities in Q3 FY23.
- Construction activities continued with six Streetlight projects within Aguada, Aibonito, Guánica, Lajas, Luquillo, and Maunabo. Two Streetlight projects in Cataño and Villalba started construction during Q2 FY23.
- One Substation Rebuild project —Cataño Rebuild 1801— is in the execution phase and preparing to start construction activities.
- Contract resulting from the formal Request for Proposal (RFP) procurement for construction contractors to support the Substation Minor Repairs Programs is in its final stage and expected to be executed early in Q3 FY23.
- Contracts from the formal RFP procurement for construction contractors to support the Transmission Priority Pole Replacement were still being developed.

### 1.2.3 FEMA Cost Obligated Projects

During this reporting period, LUMA received Project Obligations from FEMA for 29 T&D projects in Q2, including 23 Distribution Pole and Conductor Repair projects, two Distribution Streetlight projects, two Substations Rebuilds projects, one Critical Energy Management System Upgrades project, and one Transmission Line Rebuild project. These obligations represent an estimated \$31.9 million in project costs.

Notably, LUMA has received FEMA Obligation for a total of 61 projects representing \$300 million of project costs and a Long Lead Material FEMA Obligation for \$650 million. These FEMA Obligated projects include \$22.9 million of 406HM costs.

### 1.2.4 Detailed Scopes of Work

During this reporting period, LUMA submitted to COR3 and FEMA DSOWs (including 406HM & EHP requirements) for 24 Distribution Pole and Conductor Repair projects, eight Distribution Streetlighting projects, four Transmission Line Rebuild projects, one Transmission Priority Pole Replacements project, one Substation Rebuilds project, and one IT OT Telecom Systems & Network 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 DSOWs. LUMA has executed seven A&E contracts to date and continues to progress with additional contracts in various stages, from agreeing to terms and conditions to Federal Oversight & Management Board for Puerto Rico (FOMB) approval.

### 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 Q2 FY23, LUMA had submitted to the PREB a total of 203 initial SOWs to date, representing an

## LUMA Quarterly Federal Funding Report

estimated \$10.3 billion in reconstruction work. In this reporting period, LUMA submitted a total of 61 iSOWs, including 53 Distribution Line Rebuild projects, seven Substation Rebuilds projects, and one IT OT Telecom Systems & Network project for PREB Approval and subsequently to FEMA/COR3 for FAAS number assignment.

By the end of Q2 FY23, LUMA had initiated a total of 282 FEMA FAAS Projects to date representing \$6.7 billion in reconstruction activities. In addition, LUMA submitted iSOWs for FAAS numbers to FEMA under programs already approved by PREB consisting of 22 streetlight projects, 21 Distribution Pole and Conductor Replacement projects, one Distribution Line Rebuild, one Distribution Automation project, one Transmission and Distribution Automation, and one Transmission Line Rebuild project.

### 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:

- Received two awards from DOE under the RACER funding opportunity for Community Resilience through rapid restoration leveraging Distributed Energy Resources (DERs) and low-cost sensors project and the Demonstration of a VOLTTRON-based platform to enable rapid energy restoration at Castañer/Maricao project.
- Submitted five concept 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.
- Developed initial proposals for four key backup projects that were submitted to FEMA through COR3 under the FEMA/SHPO 404 Hazard Mitigation program, representing \$900 million, should additional 404 HMGP funds become available.
- 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 Q2, LUMA had initiated a total of 282 FEMA FAAS Projects representing \$6.7 billion in reconstruction activities.

1. Of the 282<sup>1</sup> projects noted, 175 projects representing ~\$3.8 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 175 projects noted above, LUMA submitted the 111 DSOWs to COR3/FEMA for approval representing \$2.3 billion.
3. Of the 111 projects noted above, LUMA has received FEMA Obligation for 61 projects representing \$0.3 billion.

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

# LUMA Quarterly Federal Funding Report

## 2.1 Status of Federal Funded Projects as of December 31, 2022

Table 2-1. Project Status Summary (\$ in billions)

Project Status	Number of Projects	Estimated Amount <sup>(2)</sup>
Projects in the preliminary engineering phase (i.e., pre-detailed SOW submission) – Unassigned	107	\$2.4
Projects in the preliminary engineering phase (i.e., pre-detailed SOW submission) – Assigned	64	\$2.0
Project DSOWs submitted to FEMA pending Obligation. <ul style="list-style-type: none"> <li>DSOWs submitted include ~\$0.7 billion of proposed 406 costs.</li> </ul>	50	\$2.0
Projects Obligated by FEMA enabling Detailed Engineering and Construction. <ul style="list-style-type: none"> <li>These FEMA Obligated projects include \$0.023 billion of 406 costs.</li> <li>Projects Obligated in Detailed Engineering Phase– 22 (\$0.07).</li> <li>Projects Obligated in Execution Phase – 35 (\$0.23).</li> <li>Projects Obligated Construction Completed – 4 (\$0.001).</li> </ul>	61	\$0.3
<b>Total</b>	<b>282</b>	<b>\$6.7</b>

<sup>(1)</sup> A Total of 11 iSOWs 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.

<sup>(2)</sup> 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 December 31, 2022.

## 2.2 Status of Federal Funding Reimbursement as of December 31, 2022

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	\$30	\$14	\$7