

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN – DECEMBER
2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Determination on LUMA'S July
17, 2023, Motion.

RESOLUTION AND ORDER

I. Introduction

On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("March 26 Resolution") in the instant case, through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to provide certain information related to the different projects under the categories of Transmission Line Projects, Transmission Substation Projects, and Distribution Substation Projects in the PREPA 10 -Year Infrastructure Plan.¹ The Energy Bureau ordered PREPA to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan.² To streamline the process, the Energy Bureau requested PREPA to submit to the Energy Bureau the specific projects to be funded with Federal Emergency Management Agency ("FEMA") funds or any other federal funds, at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3"), FEMA or any other federal agency³.

On August 20, 2021, the Energy Bureau issued a Resolution and Order ("August 20 Resolution"), through which it determined that the March 26 Resolution applies equally to LUMA^{4,5}.

On June 28, 2023, LUMA filed a document titled *Informative Motion on Proposal Under the Program 40101(c): Grid Resiliency Grants of the U.S. Department of Energy ("DOE")* ("June 28 Motion"). As Exhibit 1 to the June 28 Motion, LUMA included a document titled *IIJA Funding Opportunities* which comprises a brief description of the Infrastructure Investment and Jobs Act ("IIJA")⁶ and a LUMA's proposal with the description of one (1) project: *Underground Transmission Hardening for Enhanced Resilience*.

As part of the June 28 Motion, LUMA request the Energy Bureau to take notice of their plans to submit the proposal under the Program 40101(c)⁷: *Grid Resiliency Grants of the DOE*.

On July 10, 2023, the Energy Bureau issued a Resolution and Order ("July 10 Resolution"), ordering LUMA to: (i) submit the sources for the LUMA Portion Cost-Share as described in Table 1 of this Resolution and Order, (ii) explain if such budget is included as part of the FY

¹ Resolution and Order, *In re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan*, Case No. NEPR-MI-2021-0002, March 26, 2021 ("March 26 Resolution").

² Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

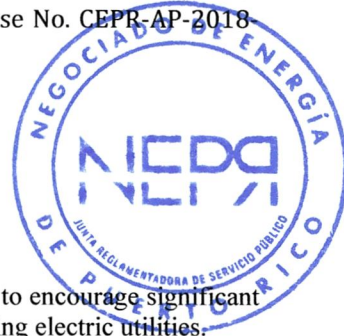
³ March 26 Resolution, pp-18-19.

⁴ LUMA Energy, LLC, and LUMA Energy ServCo, LLC (collectively, "LUMA")

⁵ August 20, 2021, Resolution and Order, p.3.

⁶ Referred as the Infrastructure Investment and Jobs Act signed in 2021 by President Biden, to encourage significant amounts of incremental spending to enhance different types of priority infrastructure, including electric utilities.

⁷ Referred as subsection 40101(c) of the Grid Resilience and Innovation Partnership ("GRIP") Program under the Grid Deployment Office of the U. S. Department of Energy ("DOE").



24 Budget, and (iii) explain how foresees that such budget could be allocated for FY25, FY26, FY27 and FY28.

On July 17, 2023, LUMA filed a document titled *Motion in Compliance with Resolution and Order of July 10, 2023, to the Honorable Puerto Rico Energy Bureau*, through which submitted as Exhibit 1 a document titled *Underground Transmission Hardening for Enhanced Resilience – Responses to July 10, 2023, Requests*.

II. Evaluation of the June 28 Motion and July 17 Motion

Through the June 28 Motion, as Exhibit 1, LUMA submitted one (1) proposal for a project under the Grid Resilience Grant Program 40101(c) of the U.S. Department of Energy.

On Exhibit 1, Luma describe the project objectives and the alignment of such project with the IIJA. Luma also states that the proposed project aims to repair and harden key elements of the underground transmission system whose potential failures would endanger the reliability and resiliency of the system.

The project seeks to replace broken equipment, the deployment of advance sensors, control capabilities, and communications systems, to allow for improved performance, to give support to effective black-start processes and to increase the capacity of the system to integrate renewable generation.

The project’s proposed approach will be in four (4) phases and the project timeline is to be completed by the fourth quarter of FY 2028⁸:

- 1. Assessment of the underground transmission lines and training of the project team (9-12 months).
- 2. Rebuilding of the two (2) key transmission lines. (2-3 years)
- 3. Installation of sensors and monitoring equipment. (Overlapping with phase 2)
- 4. Evaluation of data collected in the previous three (3) phases.

LUMA states that the project will (i) improve the capability of integrating renewables and black-start resources, (ii) increase the grid reliability and availability and, (iii) support the deployment of new technology that will help for future grid improvements.

LUMA presented the Project Budget by Role in Table 1⁹:

Table 1-Project Budget by Role

Task	Total (\$M)
LUMA Funding from DOE	\$88.7
LUMA Portion Cost-Share	\$89.3
Remaining DOE portion/partners cost share	\$2.0
Total	\$180.0

After a review of the Exhibit 1 of the June 28 Motion, the Energy Bureau **DETERMINES** that the project is necessary to improve the reliability and resiliency of the electrical system.

Through the July 17 Motion, as Exhibit 1, LUMA submitted the responses to the July 10 Resolution, Luma states: (i) that the cost-share portion is dependent on the Government of Puerto Rico’s cost-share for the Department of Energy¹⁰ grants, (ii) that LUMA’s FY 24 budget does not includes this project’s budget and, (iii) that budget allocation for FY-24 – FY28 is dependent on receiving the federal grant and the determination by the Department of Energy.

⁸ June 28 Motion, p.8

⁹ Id.

¹⁰ United States Department of Energy.



LUMA, as part of the Exhibit 1, includes a table with an initial estimates of funds allocation for FY24 - FY28:

Fiscal Year	Federal	Cost Share
FY2024	\$11M	\$11M
FY2025	\$13M	\$13M
FY2026	\$29M	\$29M
FY2027	\$23M	\$23M
FY2028	\$13M	\$13M
TOTAL	\$89M	\$89M

After a review of the Exhibit 1 of the July 17 Motion, the Energy Bureau **ACKNOWLEDGES** the information presented by LUMA. The Energy Bureau **DETERMINES** that LUMA complied with the July 10 Resolution.

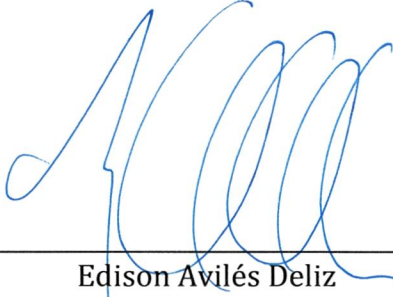
III. Energy Bureau Determination

The Energy Bureau **APPROVES** the project in **Attachment A** to this Resolution and Order, which shall be presented to the DOE to finalize their approval process for the request of federal funds. The Energy Bureau approved this project based on the information provided by LUMA. Should the scope of the project change or the request for the federal funds are not approved for such project, LUMA **SHALL** immediately seek the Energy Bureau’s approval of such changes.

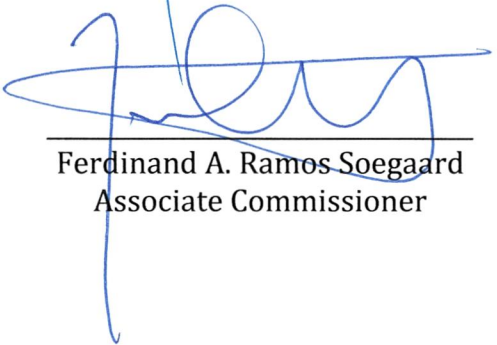
The Energy Bureau **ORDERS** LUMA to (i) submit to the Energy Bureau copy of the approval by DOE of the projects in **Attachment A**, which shall contain the cost obligated for the project, **within ten (10) days of receipt of the approval**; (ii) provide the Energy Bureau the actual contracted cost to construct the project in **Attachment A, within ten (10) days from the execution of the contract**; and (iii) inform the Energy Bureau once the project is completed.

The directive established in the March 26 Resolution regarding the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3, or any other federal agency, remains unaltered.


Be it hereby notified and published.



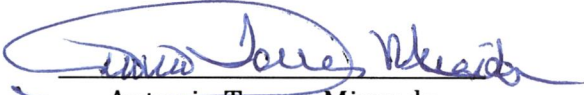
Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on August 1st, 2023. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. I also certify that on August 1st, 2023 a copy of this Resolution and Order was notified by electronic mail to laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jmarrero@diazvaz.law; mvazquez@diazvaz.law. I also certify that today, August 1st, 2023, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today August 1st, 2023.



Sonia Seda Gaztambide
Clerk



Attachment A

Project Approved by the Energy Bureau

Project Name	Presented Estimate
Underground Transmission Hardening for Enhance Resilience	\$180,000,000.00
Total	\$180,000,000.00

