

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

NEPR

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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 Quarterly Report on
Federal Funding Activities**

**MOTION SUBMITTING QUARTERLY REPORT ON
FEDERAL FUNDING ACTIVITIES FOR THE FOURTH QUARTER OF THE
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 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 June 30, 2023, with an update on federal funding activities for the fourth quarter of FY 2023 (“Q4 Federal Funding Report”). *See Exhibit 1*. The Q4 Federal Funding Report details the status of Federally-Funded Transmission and Distribution Projects as of June 30, 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 Q4 Federal Funding Report, **accept** the Q4 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 14th day of August 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
Q4 Federal Funding Report



LUMA Quarterly Federal Funding Report

For the period ending June 30, 2023

August 14, 2023

LUMA Quarterly Federal Funding Report

Executive Summary

The more than 4,000 men and women of LUMA remain committed to building a more reliable, more resilient, more customer-focused, and cleaner energy system the people of Puerto Rico expect and deserve. In this effort, we continue to make real and measurable progress through improvements in service reliability, grid resiliency, customer service, renewable energy, and more. Our goal — shared across our many vital partners and stakeholders — is to work together to build and deliver a brighter energy future for this generation and the next.

To achieve this, LUMA has established productive working relationships with the Central Office for Recovery, Reconstruction and Resilience (COR3) and the Federal Emergency Management Agency (FEMA). 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, including:

- The 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
- FEMA 406 hazard mitigation (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 to fundamentally rebuild, transform, and modernize the energy grid. To that end, including activities performed during the fourth quarter of the fiscal year 2023 (4QFY2023), LUMA has achieved the following to date:

- Constructed and energized¹ six projects.
- Submitted initial scopes of work (ISOWs) for 210 projects and programs² representing an estimated \$13 billion in reconstruction work that LUMA is advancing.
- Submitted a total of 359 ISOWs to COR3/FEMA representing an estimated \$9.4 billion in reconstruction activities, including the island-wide vegetation clearing ISOW.
- Submitted 177 detailed scopes of work (DSOWs) to COR3/FEMA for approval representing an estimated \$3.7 billion.
- Received FEMA obligation for 116 projects representing an estimated \$593 million.
- Executed seven architecture and engineering (A&E) contracts, eight streetlight construction contracts, two distribution pole replacement construction contracts, and two new minor repair contracts.

¹ The term “energized”, in this context, is to be considered as such time from which the asset is operating as part of the Transmission and Distribution System (T&D System).

² Note that the program initial SOWs presented are being divided into multiple projects. For example, the Streetlight Program initial SOWs presented to the 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

FEMA-funded projects directed by LUMA will be the largest capital energy program in Puerto Rico's history and also the largest ever funded by the U.S. federal government to repair and rebuild an electric system across any state and/or territory. As a result, LUMA is pleased to communicate the significant progress made thus far and the future projects which will provide Puerto Ricans with a stronger, transformed energy grid as more federally funded projects begin construction.

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 responsibility for the Puerto Rico Electric Power Authority's (PREPA) Transmission and Distribution System (T&D System) as specified in the Transmission and Distribution Operating and Maintenance Agreement (T&D OMA) between PREPA, Puerto Rico Public-Private Partnerships Authority (P3A), and LUMA. Upon commencement of operations, projects funded by the Federal Emergency Management Agency (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 the Initial Budgets Resolution and Order dated July 16, 2021, the Puerto Rico Energy Bureau (PREB) required LUMA to provide summary reports outlining federal funding activity on a quarterly basis. 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 the Central Office for Recovery, Reconstruction and Resilience (COR3) and FEMA 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 detailed scopes of work (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.

LUMA continues to advance Hurricane Maria federally funded projects while addressing constraints resulting from the aftermath of Hurricane Fiona's emergency. This work reflects a continuation of repairs required due to the significant damage to the Puerto Rico T&D System caused by Hurricane Maria and Hurricane Fiona. The latter storm made landfall in September 2022 and resulted in billions of dollars in damage and an island-wide blackout leading to approximately 1.5 million customers experiencing outages.

The following content outlines LUMA's key accomplishments and activities during Q4 to continue moving forward with federally funded projects.

1.2.1 Key Activities

- Received 14 project obligations from FEMA for T&D Projects.
- Submitted 39 DSOWs to COR3 and FEMA, including the engineering, procurement, and construction (EPC) contracts to deploy critical new substations.
- Received FEMA FAAS numbers for 35 T&D Projects, including the Island-Wide Vegetation Clearing Program.
- Submitted 18 initial scopes of work (ISOWs) to FEMA for FAAS number.
- Submitted four ISOWs to the PREB.

LUMA Quarterly Federal Funding Report

- Received amendment for \$600 million to support architecture and engineering (A&E) services to deploy additional projects.³

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 fourth quarter includes the following:

- Submitted eight DSOWs in for engineering, procurement, and construction projects for new substations. Six of the eight projects are among the top projects tracked by LUMA with stakeholders at the Puerto Rico and federal governmental levels.
- Performed construction activities on 63 distribution pole and conductor replacement projects in Arecibo, Bayamón, Caguas, Carolina, Mayagüez, Ponce, and San Juan regions. Twenty additional FEMA obligated distribution pole and conductor replacement projects are in the detailed engineering phase and preparing to start construction activities.
- Started construction on two substation projects. One substation project is in closeout. An additional eight substation projects are in the detailed engineering phase and preparing to start construction activities.
- Moved four FEMA obligated transmission priority pole replacements and two transmission line rebuild projects into the detailed engineering phase. Preparing to start construction activities.
- Identified construction contractors to support the substation minor repairs program. The first contract with a contractor was signed in January 2023.
- Issued a formal request for proposal to procure construction contractors to execute projects including the Island-Wide Vegetation Clearing.
- Continued construction activities with 15 streetlight projects within Aguada, Aguadilla, Aibonito, Cataño, Dorado, Guánica, Gurabo, Hatillo, Lajas, Luquillo, Manatí, Maunabo, San German, Trujillo Alto, and Villalba.

1.2.3 FEMA-Obligated Projects

During the fourth quarter, LUMA received project obligations from FEMA for 14 T&D Projects, including six for distribution pole and conductor replacement projects, four for distribution streetlight projects, three for substation security projects, and one for substation rebuilds. These obligations represent an estimated \$142.4 million in project costs.

Notably, since commencement, LUMA has received FEMA obligation for a total of 116 projects representing \$593 million of project costs and a long-lead material FEMA obligation for \$656 million. These FEMA-obligated projects include \$44 million of 406 Hazard Mitigation (406HM) costs.

1.2.4 Detailed Scopes of Work

During the fourth quarter, LUMA submitted 39 DSOWs to COR3 and FEMA (including 406HM) for 11 distribution projects, 20 substation projects, five transmission projects, two vegetation projects, and one telecommunication project.

³ FAAS Project #335168 - A&E PREPA.

LUMA Quarterly Federal Funding Report

Additionally, 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.

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 Q4 FY2023, LUMA had submitted to the PREB a total of 210 ISOWs to date, representing an estimated \$13 billion in reconstruction work. During the fourth quarter, LUMA submitted a total of four ISOWs, including one island-wide vegetation Clearing and three transmission line rebuild projects for PREB approval and subsequently to FEMA/COR3 for FAAS number assignment.

By the end of Q4 FY2023, LUMA had submitted to FEMA a total of 359 ISOWs to date, representing an estimated \$9.4 billion in reconstruction activities, including an island-wide vegetation project for San Juan.⁴ During the fourth quarter, LUMA submitted and received FEMA FAAS number under programs and projects already approved by PREB for 18 T&D Projects, consisting of:

- 10 substation rebuild projects.
- Three transmission line rebuild projects.
- Two distribution streetlight projects.
- Two telecom infrastructure projects including advanced metering infrastructure (AMI) project.
- One island-wide vegetation clearing project.

LUMA also received FEMA FAAS numbers for 17 additional T&D Projects submitted during the previous quarter.

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 restore the Puerto Rico electrical system fully.

LUMA has continued progress on the following activities:

- Submitted one proposal for funding under the Infrastructure Investment and Jobs Act (IIJA), including a proposal to harden a portion of the underground transmission loop in San Juan.
- Supported three proposals for funding under the IIJA including:
 - Real-time situational awareness for flexible and resilient transmission grid in Puerto Rico.
 - Northeastern Puerto Rico Innovation Alliance for outage anticipation, response, and grid self-healing control during abnormal weather events.
 - Supporting the PR government in submitting a project for the Grid Modernization Utilizing an Advanced Grid Infrastructure (AGI) proposal.

⁴ 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

- Engaged with our grid recovery partners on additional federal funding opportunities to include Department of Energy (DOE) electrical system improvement grants, HUD, and PRDOH CDBG-DR Programs for hazard mitigation, grid resilience, and cost share, as well as proposals in all major asset categories and projects.

2.0 Federally Funded Project Status

As previously mentioned, since commencement, LUMA has submitted to FEMA a total of 359 ISOWs for T&D Projects that have received FAASt numbers representing an estimated \$9.4 billion in reconstruction activities.

- Of the 359⁵ projects noted above, LUMA submitted 177 DSOWs to COR3/FEMA for approval representing \$3.7 billion.
- Of the 177 projects noted above, LUMA has received FEMA obligation to 116 projects worth \$593 million, as well as received approval for the procurement of long-lead material of \$656 million, \$1.09 billion in A&E, and \$52 million in Category Z projects.

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 June 30, 2023

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

Project Status	Number of Projects	Estimated Amount ⁶
Projects in the preliminary engineering phase	182	\$5.7
Project detailed SOWs submitted to FEMA pending obligation	61	\$3.1
Projects obligated by FEMA enabling detailed engineering and construction: <ul style="list-style-type: none"> These FEMA-obligated projects include \$0.044 billion of 406 costs Projects obligated in detailed engineering phase – 33 Projects obligated in execution phase – 78 Projects obligated and construction completed – 5 	116	\$0.6
Total	359	\$9.4

⁵ Several initial SOWs approved by PREB are deemed as programs that have been or will be divided into multiple projects over time (as noted in the Executive Summary).

⁶ 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.

LUMA Quarterly Federal Funding Report

Table 2-2 below outlines federal funding by source and status submitted for reimbursement as of June 30, 2023.

2.2 Status of Federal Funding Reimbursement as of June 30, 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	\$76	\$27	\$17