

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

NEPR

Received:

Mar 5, 2024

10:12 PM

IN RE: LUMA'S RESPONSE TO
HURRICANE FIONA

CASE NO.: NEPR-MI-2022-0003

URGENT MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER

TO THE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority ("PREPA"), through its counsel of record, and respectfully submits and prays as follows:

1. On January 14th, 2024, the Puerto Rico Electric Power Authority ("PREPA"), filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau" or "PREB"), an Urgent Motion Submitting for Review and Approval of the Scope of Work for the Transfer/Ownership to PREPA of the Temporary Generation Units (the "Urgent Motion"). Through the Urgent Motion, PREPA sought the Energy Bureau's approval of the initial scope of work for the acquisition, be it through purchase or lease, of the temporary generation units installed in the Palo Seco Power Plant (150MW) and the San Juan Power Plant (200MW). PREPA attached fourteen (14) exhibits as supporting documentation to its petition, including an equipment inventory list of the temporary generation units.

2. As mentioned in the Urgent Motion, the generation fleet of PREPA and various private companies were adversely impacted by Hurricane Fiona and,

as such, an urgent need arose for the addition of temporary power generation of at least 700 MW to the electric grid. As a result of PREPA and the Government of Puerto Rico requesting assistance from the Federal Emergency Management Agency ("FEMA"), approval was received from the Direct Federal Assistance program ("DFA"). Temporary generation units were installed in the Palo Seco Power Plant (150 MW) and the San Juan Power Plant (200 MW), adding additional and much needed power to the electrical grid.

3. Furthermore, PREPA informed that the operation of these temporary generation units would end on March 15th, 2024, but the necessity of the additional power that the temporary generation units added to the grid persists. It is therefore of the utmost importance, for the stability of the Island and its people, that PREPA immediately acquire these temporary generation units.

4. On February 2nd, 2024, FEMA issued a notification regarding the specific funding source to acquire the temporary units. FEMA expressly indicated that it has agreed to approve a new project under Section 428 of the Stafford Act, and further indicated that the acquisition would not impact the existing \$9.5 billion 428 FEMA Accelerated Awards Strategy ("FAAST") project for the power grid.

5. On February 21st, 2024, the Energy Bureau issued a Resolution and Order approving the initial scope of work ("SOW") submitted by PREPA. It warned PREPA to file the final SOW before the Energy Bureau once approved by FEMA.

6. In compliance with the February 21st *Resolution and Order*, PREPA

hereby submits the Project Worksheet ("PW") submitted by FEMA. See Exhibit 1-A. In the approved PW, FEMA included the same equipment inventory list contained in the Initial SOW submitted by PREPA (FEMA) and previously approved by the Energy Bureau.

7. However, and worthy of emphasis, after the Puerto Rico Central Office for Recovery, Reconstruction, and Resiliency ("COR3") finished its negotiations for the acquisition of the temporary units, an Asset Purchase Agreement ("APA") was drafted that excluded some of the equipment originally included in the equipment inventory list. In other words, after the negotiations between COR3, P3, and New Fortress Energy ("NFE"), COR3 advised PREPA that NFE was not willing to include the following equipment in the APA:

Palo Seco LNG System

1. Five LNG Offload Bays with Vaporizer.
2. Two Ambient Natural Gas Vaporizer Rated at 75,000 SCFH.
3. LNG Control Room, 40ft Container (With inside equip, Monitors, AC Units).
4. Emergency Diesel Container Mtd Generator Rated at 1,000 kW.
5. Horizontal LNG Supply (Buffer) Tank - 90,000 gl.
6. Two LNG Submerged Pump 175 GPM.
7. Two Shell and Tube Vaporizer Skid Rated at 1,000,000 SCHF.
8. Two Water Pump Rated at 2,000 GPM.
9. Water Heater Tank with 25 MIL BTU/HOUR Burner.
10. Electric Room Controller 9 W/2 AC Units, 4 Square D panels, 1 ASCO panel, 40ft container.
(the "Excluded Equipment")

8. Also excluded from the APA was the LNG System for the San Juan Temporary Generation, with its associated three LNG offload bays with vaporizers.

9. COR3 further advised that the Excluded Equipment would be

acquired through a leasing agreement, for a nominal amount, between NFE and Genera PR, LLC ("Genera"). PREPA will remain vigilant as to the terms and conditions of the leasing agreement, such that the efficient functioning of the temporary generation units is not compromised or affected at any time.

10. Moreover, and considering the importance of the temporary generation units to safeguard the well-being of the people of Puerto Rico, PREPA has also requested some amendments to the APA draft.

11. Due to the importance of said equipment, and in order to protect the best interests of the people of Puerto Rico, PREPA strongly requests including language in the APA to ensure that the \$1.00 lease of the LNG System survives 1) regardless of whether or not NFE continues as the gas supplier and 2) regardless of whether or not Genera continues as the operator of the Legacy Generation Assets, thus eliminating any risk that the LNG System is removed from the units during the term of their temporary operation.

12. Based on the aforementioned and considering the essential need for the temporary generation units, and the exposure on the Island's infrastructure, it is imperative that this Energy Bureau be made aware of the issues arising from the difference between the SOW and the APA.

13. Finally, and in compliance with the Energy Bureau's Policy on Confidential Information (as amended, the "Confidentiality Policy"), PREPA hereby requests that confidential treatment be given to Exhibit 1-A due to its sensitive nature which includes, among other thing, GPS coordinates of the

temporary units.

14. The Confidentiality Policy details the procedures a party should follow to request that a document or portion thereof be afforded confidential treatment. The policy requires identifying confidential information and filing a memorandum of law explaining the legal basis and support for a request to file information confidentially. See CEPR-MI-2016-0009, § A, as amended by the *Resolution* dated September 20th, 2016, CEPR-MI-2016-0009. The memorandum should also include a table that identifies the confidential information, a summary of the legal basis for the confidential designation, and why each claim or designation conforms to the applicable legal basis of confidentiality. *Id.* at ¶ 3.

15. Federal and Puerto Rico law protect the confidentiality of Critical Energy Infrastructure Information, inasmuch as its public disclosure may pose a security threat in that the information could be useful to a person or group in planning an attack on critical infrastructure. See, e.g., 18 CFR sec. 388.113, as amended by Federal Energy Regulatory Commission (FERC) Order No. 683, *Critical Energy Infrastructure Information* (issued September 21, 2006); USA Patriot Act of 2001, sec. 1016, creating the *Critical Infrastructures Protection Act of 2001*, including 42 USC sec. 5195c(e) (defining Critical Infrastructure). FERC regulations subject such information to limitations on use and disclosure to “ensure that information deemed CEII stays out of the possession of terrorists.” 18 CFR sec. 388.113(d)(4). *Off. of People's Counsel v. Pub. Serv. Comm'n.*, 21 A.3d 985, 991, Util. L. Rep. P27157, 2011 WL 2473405 (D.C. App. 2011).

16. Under the *Critical Infrastructures Protection Act* of 2001, the term “critical infrastructure” means “systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.” 42 USC sec. 5195c(e).

17. Furthermore, the FERC has ruled several times that GPS coordinates “qualify as CEII because it provides more than just location.” See, e.g., Final Rule, Docket Nos. RM02-4-000, PL02-1-000; Order No. 630, Note 31, entered on February 21st, 2003 (ruling that FERC considered the global positioning system coordinates of any project features (precise surveyed or GPS coordinates at or above two decimal points of accuracy of equipment and structures) to qualify as CEII because it provides more than just location).¹ Also, and on numerous occasions, this Energy Bureau has accepted PREPA’s designations of material as CEII, recognizing that both Federal law and Puerto Rico law support such designations when applicable.

18. In light of the above, PREPA hereby requests that confidential treatment be given to portions of Exhibit 1-A and herein submits a public version as Exhibit 1-B in compliance with this Bureau’s Confidentiality Policy.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE**

¹ *Federal Register: March 3, 2003 (Volume 68, Number 41); Rules and Regulations, pp. 9857-9873.*

of the foregoing, deem its February 21st Order as complied with, and give confidential treatment to the Project Worksheet herein submitted by PREPA.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 5th day of March 2024.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, which will send notification of such filing to all attorneys of record.

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Exhibit 1-A
(under seal)

Exhibit 1-B
(redacted)

Department of Homeland Security Federal Emergency Management Agency

General Info

Project #	739681	P/W #	11628	Project Type	Specialized
Project Category	F - Utilities	Applicant	PR Electric Power Authority (000-UA2QU-00)	Event	4339DR-PR (4339DR)
Project Title	Power Generation (Generation)	Declaration Date	9/20/2017	Incident Start Date	9/17/2017
Project Size	Large	Incident End Date	11/15/2017		
Activity	12/31/2025				
Completion Date					
Process Step	Obligated				

Damage Description and Dimensions

The Disaster # 4339DR, which occurred between **09/17/2017** and **11/15/2017**, caused:

Damage #433943; Power Generation

General Facility Information:

- **Facility Type:** Power generation, transmission, and distribution facilities
- **Facility:** Power Generation
- **Facility Description:** PREPA's electrical system infrastructure is composed of various generating power plants of which the following power plants suffered damages: Cambalache, Aguirre, Daguao, Jobos, San Juan, Palo Seco, Yabucoa, Mayagüez and Vega Baja. PREPA's complete power plant system can generate between 24 Mega Watts (MW) to 990 MW of electricity that services the residential, commercial, and industrial sectors of the Island. The electrical grid is also composed of a telecommunication system and transmission (115kV – 230kV) and distribution (4.16kV – 13.2kV) line system, electrical substations, as well as dams and hydroelectric plants
- **Approx. Year Built:** 1941
- **GPS Latitude/Longitude:** [REDACTED]

General Damage Information:

- **Date Damaged:** 9/20/2017
- **Cause of Damage:** High winds & wind driven rain, caused by Cat 4 Hurricane Maria

Facility Damage:

- On September 20, 2017, Puerto Rico experienced the landfall of Hurricane Maria (FEMA-4339-DR-PR) causing widespread damages due to Category 4 winds and wind-driven rain. As a result, the Puerto Rico electrical system including: its power generation facilities, transmission and distribution infrastructure, substations, dams and hydroelectric plants, and other supporting infrastructure necessary for the provision of power, were severely damaged. The Puerto Rico electrical system's ability to maintain its operational power and reserve capacity is compromised due to the severe damage to the infrastructure and it impacts the stability of the electrical grid resulting in , power outages while permanent repairs are implemented. , 0% work completed.

Final Scope

433943 Power Generation

The Island wide electrical infrastructure suffered catastrophic impacts as the result of Hurricane María. In the aftermath, diligent recovery and reconstruction efforts have been going on, not only to restore the electrical infrastructure to pre-storm function and capacity, but to take this opportunity to bring it in line with current industry standards and technology into a smarter, more resilient, and cleaner renewable energy.

The Applicant's, PR Power and Electric Authority, PREPA, current power generation fleet condition presents poor performance; generation capacity has been reduced to 46% of installed capacity. In addition, of the generation units in operation, about 32% or 640 Mega Watts (MW), are disconnected monthly, causing thousands of customers to suffer interruptions in their service. The low reliability of the available generation in service caused at least 20 load shed event in 2022, a number significantly higher than the national industry standard of 1 event every 10 years. PREPA's Transmission and Distribution Systems Operator, LUMA Energy, LLC, estimates the yearly cost of load shedding to the Island's economy to be \$700M.

The generation system presents critical performance metrics with a deficiency in capacity to meet the energy demand and the minimum reserve requirements. The forced outage percentage of the units is increasing while the generation capacity decreases. This combination of factors puts the continuity of the service at high risk, adversely affecting the health and safety of the citizens of PR.

On December 2022, FEMA issued a Mission Assignment through direct federal assistance (DFA) under Hurricane Fiona to the United States Army Corps of Engineers (USACE) to install auxiliary generating equipment and associated equipment and materials. This installation provided 150 MW of additional generation at the Palo Seco Power Plant and 200 MW at the San Juan Power Plant. FEMA agreed to continue the DFA's lease agreement for this equipment and services through March 2024. FEMA cannot extend the DFA beyond this date because the threat to life, health, or safety caused by Hurricane Fiona no longer exists.

The project's scope of work includes PREPA's acquisition of the this equipment to stabilize the power grid. The project authorizes usage of equipment while the Applicant performs repairs on existing generating equipment necessitated by Hurricane Maria or until December 31, 2025, whichever comes first.

At the time that the scope and cost for Project 136271, *Puerto Rico Electrical Power Authority Island Wide FAASr Project*, was developed, neither FEMA nor PREPA could have possibly contemplated that while taking damaged units fully off-line to enable repair, the power grid would require stabilization through the provision of temporary power. Had the need for this temporary power been contemplated at the time of the development of the FEMA Accelerated Award Strategy (FAASr) project, the cost for the acquisition would have been included in the fixed cost award because it is a cost associated with eligible work under Hurricane María. However, the current level of grid instability simply did not exist at the time the FAASr project was developed, and no party involved could have anticipated the need for this additional temporary power; therefore, the scope of work did not include the acquisition of temporary generators.

Project Worksheet (PW)11628 is intended to provide Public Assistance funds for the purchase of 17 portable generation units and integrate them temporarily as part of the generation fleet of PREPA in Palo Seco and San Juan Plants. Thus, maintaining the stability of the electrical grid and preventing power outages while permanent repairs necessitated by Hurricane Maria are implemented. Although the acquisition approved in this project includes 17 generators with a total capacity of 400 MW (including back-up generators providing 25MW at each site), to ensure there are no increased environmental impacts which may affect FEMA's environmental review, FEMA's approval is limited to the provision of a maximum of 350MW of temporary power, unless extenuating circumstances exist temporarily that require the additional 25-50MW to prevent loss of life.

Palo Seco Site: [REDACTED]

The acquisition will include the seven combustion turbines that fire natural gas as the primary fuel and ultra-low sulfur distillate oil (ULSD) as backup fuel, plus auxiliary equipment.

To maintain normal critical service operations, up to six combustion turbines will operate simultaneously during the shutdown and repair period, with the seventh turbine available to operate in the event one of the other operating units is out of service. ULSD is only fired when natural gas is not available. The following list includes the description, provided by the Applicant, of the auxiliary turbines required in this project:

1. TM2500 CT #1, Model: 7, 31 MW, 2014 Vintage
2. TM2500 CT #2, Model: 7, 31 MW, 2011 Vintage
3. TM2500 CT #3, Model: Base, 22 MW, 2006 Vintage
4. TM2500 CT #4, Model: Base, 22 MW, 2007 Vintage
5. TM2500 CT #5, Model: 8, 37 MW, 2017 Vintage
6. TM2500 CT #6, Model: 8, 37 MW, 2017 Vintage
7. TM2500 CT #7, Model: 8, 37 MW, 2017 Vintage

Additionally, the Applicant listed the following balance of plant (BOP) equipment that is required for the Palo Seco site:

- Mechanical Equipment
 - Two (2) Black Start Diesel Generators: 480V, 600 kW, CATERPILLAR Model C18, Engine No. FST02949/FST03012, Built 2022
 - Two (2) PARKER Liquid Fuel Forwarding containers.
- Piping
 - Four (4) Natural Gas Pressure Regulation skids
 - Piping, valves and instrumentation for Natural Gas, Diesel and Demineralized Water systems
- Electrical Equipment
 - Five (5) Auxiliary electrical panels: 480/220V, 2000A
 - Two (2) Auxiliary Transformers: 2000 KVA, 13.8kV – 480/227V, 60Hz
 - Two (2) Transfer Switch: 480V, 2000A
 - Two (2) Load Interrupter Switch: 15kV, 600A, 40kA
- Cable, Raceway, Cable Tray, and Conduit
 - Cable Tray with covers and conduits
 - High Voltage (15kV) Cable, Medium Voltage (480V) Cable, and other cables included control cables, grounding, lighting, power cable, Fiber Optic, and other controls related equipment.
- Control and Instrumentation
 - One (1) Diesel Fuel totalizer ultrasonic flowmeter
- Other Electrical Equipment
 - POWER GENERATOR CONTROL ROOM 40 ft (with coms panel, fiber optic patch panel, 4 electrical distribution panels, 2 A/ C units, 7 computers).
 - TRANSFORMER 1000 KVA.
 - Transformer, 15KVA, Square D (Demi System Area).
- LNG System
 - FIVE LNG OFFLOAD BAYS WITH VAPORIZER.
 - AMBIENT NATURAL GAS VAPORIZER RATED AT 75,000 SCFH.

- AMBIENT NATURAL GAS VAPORIZER RATED AT 75,000 SCFH.
- LNG CONTROL ROOM, 40ft Container (With inside equip, Monitors, AC Units).
- EMERGENCY DIESEL Container Mtd GENERATOR RATED AT 1,000 kW.
- HORIZONTAL LNG SUPPLY (BUFFER) TANK - 90,000 gl.
- Two LNG SUBMERGED PUMP 175 GPM.
- Two SHELL AND TUBE VAPORIZER SKID RATED AT 1,000,000 SCHF.
- Two WATER PUMP RATED AT 2,000 GPM.
- WATER HEATER TANK WITH 25 MIL BTU/HOUR BURNER.
- Electric Room Controller 9 W/2 AC Units, 4 Square D panels, 1 ASCO panel, 40ft container.
- Demineralized Water system
 - MOBILE MULTIMEDIA SYSTEM 40ft Container, GE Water Processing (Components 6 pressure tanks, 1 10K transformer, 1 30K transformer, control panel).
 - Two MOBILE Reverse Osmosis MACHINE Super 600, 40ft Container, Container # SWTU 400017 6, SUEZ Water Technology and Solutions (RO#1) (30 Membrane Holders).
 - MOBILE IX MEDIA SYSTEM, GE Water Tech, (Components 24 fiberglass tanks).
 - MOBILE DUAL 100% PUMPSKID 500-600 GPM (Components, Control Panel, 2 Baldor Motors, 2 Gould Pumps).
 - MOBILE CLEAN IN PLACE SKID, GE Mobile Water, (Components 1 1000K water tank, 1 Baldor Motor, 1 Gould Pump).
 - MOBILE DUAL 100% PUMPSKID 300 GPM (Components 3 Baldor Motors, 3 Gould Pumps).
 - POST DI DUAL FILTER BAG SKID, Rosedale Products, 5 Micro Siemens (Components 3 Filter Cannisters).
 - CONTROL PANEL - PLC, Engineerelec control.
 - Raw Water Meter, Mastermeter.
 - MOBILE IX MEDIA SYSTEM, GE Water Tech, (Components 24 fiberglass tanks).

San Juan Site: [REDACTED]

The acquisition will include the ten combustion turbines that fire natural gas as the primary fuel and ultra-low sulfur distillate oil (ULSD) as backup fuel, plus auxiliary equipment.

To maintain normal critical service operations, up to nine combustion turbines will operate simultaneously during the shutdown and repair period, with the tenth turbine available to operate in the event one of the other operating units is out of service. ULSD is only fired when natural gas is not available. The following list includes the description, provided by the Applicant, of the auxiliary turbines required in this project:

1. TM2500 CT #1, Model: 7, 31 MW, 2014 Vintage
2. TM2500 CT #2, Model: 6, 31 MW, 2014 Vintage
3. TM2500 CT #3, Model: 6, 31 MW, 2014 Vintage
4. TM2500 CT #4, Model: 6, 31 MW, 2014 Vintage
5. TM2500 CT #5, Model: 6, 31 MW, 2014 Vintage

6. TM2500 CT #6, Model: 6, 31 MW, 2014 Vintage
7. TM2500 CT #7, Model: 6, 31 MW, 2014 Vintage
8. TM2500 CT #8, Model: 7, 31 MW, 2014 Vintage
9. TM2500 CT #9, Model: 6, 31 MW, 2014 Vintage
10. TM2500 CT #10, Model: 6, 31 MW, 2014 Vintage

Additionally, the Applicant listed the following balance of plant (BOP) equipment that is required for the San Juan site:

- Steel
 - Twenty (20) Pipe Bridge sections
- Mechanical Equipment
 - Two (2) GENERAC Model 9999550100, Engine No: 0G9353, Built 2008
 - One (1) GILLETTE Model SPVD-6000-3-4-2, Engine: MVPXL16.1ACW, Built 2021
 - One (1) MTU Model MTO 12V1800 D5600, Built 2023
 - Two (2) ALFA LAVAL Liquid Fuel Forwarding containers
- Piping
 - Five (5) Natural Gas Pressure Regulation skids
 - Piping, valves and instrumentation for Natural Gas, Diesel and Demineralized Water systems
 - Six (6) RELEVANT liquid fuel dual filter skids
- Electrical Equipment
 - Five (5) Auxiliary electrical panels: 480/220V, 2000A
 - Four (4) Auxiliary Transformers: 2000 KVA, 13.8kV – 480/227V, 60Hz
 - Four (4) Transfer Switch: 480V, 2000A
 - Four (4) Load Interrupter Switch: 15kV, 600A, 40kA
- Cable, Raceway, Cable Tray, and Conduit
 - Cable Tray with covers and conduits
 - High Voltage (15kV) Cable, Medium Voltage (480V) Cable, and other cables included control cables, grounding, lighting, power cable, Fiber Optic, and other controls related equipment.
- Control and Instrumentation
 - One (1) Diesel Fuel totalizer ultrasonic flowmeter.
- Other Electrical Equipment
 - ROLLS-ROYCE DIESEL GEN SET 750 KVA/600 KW 3PH.
 - POWER GENERATION CONTROL ROOM (Includes coms panel, fiber optic patch panel, 4 electrical distribution panels, 2 A/C units, 10 computers).
 - SUBSTATION CONTROL ROOM, Container # 4000032 4 (Includes control panels, transformer panels, protection panel, line control panel, a/c units, breaker panel).
 - 20 PIPE BRIDGE SECTIONS.
 - 170KV SF6 Circuit Breaker Siemens Energy (Located in Plant Substation).
 - Three (3) Capacitive Voltage Transformer (CVT) Model TYD 115 115KV.
 - 138KV Break Switch, Royal Switch Gear.
- Demineralized Water system
 - Two MOBILE HOLLOW FILTER SYSTEM, SUEZ Water Technology and Solutions 56 Membrane Cannisters (ULTRA FILTRATION, includes Control Panel, Transformer, Blower Assy, Power Panel, A/C Unit).
 - Two (2) MOBILE Reverse Osmosis MACHINE Super 600, 40ft Container, Container # SWTU 400031, SUEZ Water Technology and Solutions (30 Membrane Holders).
 - Two (2) MOBILE IX MEDIA SYSTEM, GE Water Tech, (Components 24 fiberglass tanks).
 - Two (2) MOBILE 100% PUMP SKID 500-600 GPM (Includes Control Panel, 2 Baldor Motors, 2 Gould Pumps) (By 150K Demi Tank).

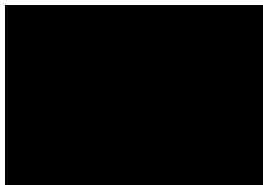
- RAW WATER METER - MASTER METER.
- OUTFALL METER UNIT – McCROMETER.
- MOBILE CLEAN IN PLACE SKID, GE Mobile Water, (Components 1 1000K water tank, 1 Baldor Motor, 1 Gould Pump).
- MOBILE DUAL 100% PUMP SKID 300 GPM, (Components 2 Marathon motors, 2 Gould Pumps).
- POST DI TANK DUAL FILTER BAG SKID, Rosedale Products, (Includes 3 tanks, with 5 micro siemens filters CONTROL PANEL – PLC).
- TANK LEVEL CONTROL.
- 3,200 LF - DEMIN WATER PVC PIPE (WIDTHS OF 2-IN, 4-IN, 6-IN).
- DEMIN CONTROL Room, 20ft.
- 10in ball valve, Triac controls.
- Pump Skid, (Components 2 WEG motors, 2 Grundfos Pumps, SJE Rhombus Control Panel).
- Four (4) 5000 gal holding tank plastic, RO Feed.
- SWITCHBOARD 2000A, 3PH 480/277V 60HZ.
- Transformer, 10W 120 Voltage transformer 480V.
- Transformer 480/277V 3Ph 1000MVA.
- FUSED DISCONNECT SWITCH 15kV 600A.
-

Applicable to both sites, Palo Seco and San Juan, the Applicant also identified the water treatment system (demineralized water) as required for the operation.

Applicant Provided Costs

The Applicant requested costs for this project are as follows:

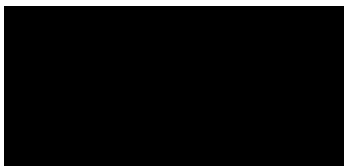
- Generators:
- Water Treatment System:
- Balance of Plant:
- **Total:**



Purchase versus Rental Assessment

FEMA conducted a purchase versus rental assessment which compared the estimated rental costs to be incurred for extending the operation of these auxiliary generators from March 2024 to December 2025, versus those from acquiring the listed equipment. The results are summarized as follows:

- Rental Costs:
- Purchase Costs:



Based on the above comparison, purchasing the specified equipment is a least cost alternative to extending the lease until December 2025. Therefore, the project will consider the acquisition of the auxiliary generation equipment.

Cost Reasonability

(1) FEMA conducted a reasonability assessment of the Applicant provided costs. The driving cost component of the Subrecipient's estimate relates to the purchase of the 17 power generators, which are currently installed on site and operating. In order to ensure continuous operation of the needed 350 MW of power after March 15, 2024, it was necessary for the Subrecipient to purchase *these* generators. Acquiring, shipping in, and installing new generators would have resulted in an unacceptable, likely months long, break in the provision of temporary power. Under these circumstances, the Subrecipient entered into negotiations with the owner of the equipment and are now executing an arm's length transaction at the negotiated price. Upon discussion with the generator's supplier, General Electric, the following conditions apply: The market for these types of generators has changed when compared to 2022.

(2) There is currently a high demand and a lower supply. There is no current inventory of these types of units.

FEMA also completed an assessment on the remaining system components, as provided by the Applicant. Based on the above conditions and reviews, FEMA concluded the Applicant provided costs are reasonable.

Procurement Considerations

PREPA is a government owned corporation. Regarding procurement of contracts, State/Commonwealth government Subrecipients must follow the same policies and procedures they would use for procurements with non-Federal funds.

Pursuant to its Organic Law, Act No. 83-1941 as amended ("Act 83"), PREPA is a public corporation and autonomous governmental instrumentality of the Government of Puerto Rico, whose exercise of its powers conferred by Act. No. 83 are deemed an "essential government function." The Act 83 supra authorizes PREPA, in the management of its purposes to grant contracts and formalize all the instruments that are necessary or convenient in the exercise of any of its powers.

Work to be Completed Cost:



Project Notes

1. Applicant identified and provided the cost estimate for the required purchase. See document: 739681 - DR4339PR - Email Correspondence - APCE 11-Feb-2024.pdf.
2. The APCE was found reasonable. Please refer to documents: 739681 - DR4339PR - Email Correspondence - Generator Supplier 12-Feb-2024.pdf and 739681 - CEF and Rental vs Purchase - 2-23-2024.xlsx.
3. Environmental compliance requirements have not been defined at this time. As costs for work associated with environmental compliance may be eligible under Public Assistance and to not delay the provision of funding for the acquisition of the equipment, FEMA is obligating this project with the understanding that the SOW and cost will be amended in the future for reasonable costs if such requirements are established.
4. FEMA is currently funding the operation of these generators through a mission assignment to the U.S. Army Corps of Engineers (USACE) under Stafford Act section 403 to address the precarious energy grid which was further destabilized by Hurricane Fiona. Because FEMA and the EPA determined there would be occasions during which the generators would exceed emission and capacity

standards during high or low load output levels, as necessitated by emergency circumstances, the two agencies entered into a Federal Facilities Compliance Agreement (FFCA). The purpose of the FFCA was for FEMA, and USACE acting on FEMA's behalf, to achieve full compliance with the Clean Air Act and its regulations in the operation of these generators. Throughout the installation and operation of the generators, FEMA has been working with the EPA to move toward compliance and to reduce emissions and mitigate as appropriate.

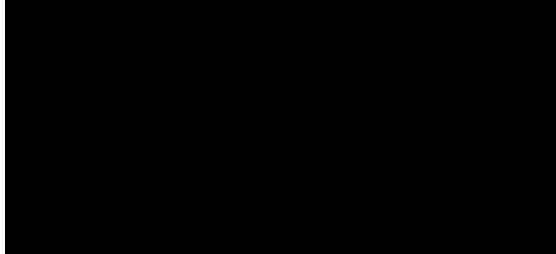
5. FEMA's mission assignment to USACE ends on March 15, 2024. PREPA, the applicant, will acquire the generators to continue to provide the temporary power, after March 15, necessary to make Hurricane Maria-related repairs while ensuring a stabilized grid in Puerto Rico. With the change in ownership, the generators will no longer be federally operated facilities, therefore the FFCA will no longer apply. Other than a change in the entity responsible for operation, however, the means by which these two facilities provide power generation, and their capacity will not change.
6. FEMA will reconcile the federal share of the fixed cost offer (FCO) approved in this project with the attributable percentage of the current fair market value or selling price when the equipment acquired with PA funding is no longer needed for recovery from the incident.
7. Recipient and Applicant are responsible for informing of any duplication of costs for work funded by FEMA or other stakeholders.

406 HMP Scope

(2/12/24) HM will not provide additional funding. This project will acquire the generators to continue providing the temporary power needed to make Hurricane Maria-related repairs while ensuring a stabilized grid in Puerto Rico. Project is ready for Insurance completion.

Cost

Code	Quantity	Unit	Total Cost	Section
9201 (PAAP Fixed Estimate (No Value - Tracking Purposes Only))	1.00	Lump Sum		Completed
9001 (Validated APCE)	1.00	Lump Sum		Uncompleted



Award Information

Version Information

Version #	Eligibility Status	Current Location	Bundle Number	Project Amount	Cost Share	Federal Share Obligated	Date Obligated
0	Eligible	Awarded	PA-02-PR-4339-PW-11628(14768)		90%		2/29/2024

Drawdown History

EMMIE Drawdown Status As of Date	IFMIS Obligation #	Expenditure Number	Expended Date	Expended Amount
No Records				

Obligation History

Version #	Date Obligated	Obligated Cost	Cost Share	IFMIS Status	IFMIS Obligation #
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Subgrant Conditions

- As described in Title 2 Code of Federal Regulations (C.F.R.) § 200.333, financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. Exceptions are stated in 2 C.F.R. §200.333(a) – (f)(1) and (2). All records relative to this project are subject to examination and audit by the State, FEMA and the Comptroller General of the United States and must reflect work related to disaster-specific costs.
- In the seeking of proposals and letting of contracts for eligible work, the Applicant/Subrecipient must comply with its Local, State (provided that the procurements conform to applicable Federal law) and Federal procurement laws, regulations, and procedures as required by FEMA Policy 2 CFR Part 200, Procurement Standards, §§ 317-326.
- The Recipient must submit its certification of the subrecipient's completion of this project, the final claim for payment, and supporting documentation within 180 days from the date that the applicant completes the scope of work, or the project deadline, whichever occurs first. FEMA reimburses Large Projects (those with costs above the large project threshold) based on the actual eligible final project costs. Therefore, during the final project reconciliation (closeout), the project may be amended to reflect the reconciliation of actual eligible costs.
- When any individual item of equipment purchased with PA funding is no longer needed, or a residual inventory of unused supplies exceeding \$5,000 remains, the subrecipient must follow the disposition requirements in Title 2 Code of Federal Regulations (C.F.R.) § 200.313-314.
- The terms of the FEMA-State Agreement are incorporated by reference into this project under the Public Assistance award and the applicant must comply with all applicable laws, regulations, policy, and guidance. This includes, among others, the Robert T. Stafford Disaster Relief and Emergency Assistance Act; Title 44 of the Code of Federal Regulations; FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide; and other applicable FEMA policy and guidance.
- The DHS Standard Terms and Conditions in effect as of the declaration date of this emergency declarations or major disaster, as applicable, are incorporated by reference into this project under the Public Assistance grant, which flow down from the Recipient to subrecipients unless a particular term or condition indicates otherwise.
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 Code of Federal Regulations (C.F.R.) Part 200 apply to this project award under the Public Assistance grant, which flow down from the Recipient to all subrecipients unless a particular section of 2 C.F.R. Part 200, the FEMA-State Agreement, or the terms and conditions of this project award indicate otherwise. See 2 C.F.R. §§ 200.101 and 110.
- The subrecipient must submit a written request through the Recipient to FEMA before it makes a change to the approved scope of work in this project. If the subrecipient commences work associated with a change before FEMA approves the change, it will jeopardize financial assistance for this project. See FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide.
- The Subrecipient provided the estimate for this PW. FEMA validated the estimate and found it to be reasonable for the work to be performed.
- Pursuant to section 312 of the Stafford Act, 42 U.S.C. 5155, FEMA is prohibited from providing financial assistance to any entity that receives assistance from another program, insurance, or any other source for the same work. The subrecipient agrees to repay all duplicated assistance to FEMA if they receive assistance for the same work from another Federal agency, insurance, or any other source. If an subrecipient receives funding from another federal program for the same purpose, it must notify FEMA through the Recipient and return any duplicated funding.

Insurance

Additional Information

2/24/2024

GENERAL INFORMATION

Event: DR4339-PR

Project: SP 739681

Category of Work: Cat F - Utilities

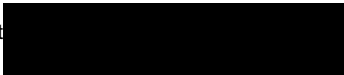
Applicant: PR Electric Power Authority

Event Type: Hurricane / Hurricane Maria

Cause of Loss: Wind / Wind Driven Rain

Incident Period: 9/17/2017 to 11/15/2017

Total Public Assistance Amount: CRC Gross Cost



COMMERCIAL INSURANCE INFORMATION

Does the applicant have a Commercial Policy that extends coverage for this facility: Yes

Policies Issued by: Willis Towers Watson, Multinational Insurance Company and Mapfre

Policy Numbers: Willis Towers Watson (B0804Q1966F17, B0804Q14312F17, B0804Q19673F17, B0804Q19672F17, B0804Q18529F17, B0804Q14312F17, B0804Q19674F17, B0804Q18411F17, B0804Q14310F17, B0804Q11038F17, B0804Q14507F17, B0804Q14312F17)

Mapfre Praico Insurance Company (1398178000644)

Multinational Insurance Company (88-CP-000307831-2, 88-CP-000318673-0, 88-CP000318674-0, 88-CP-000318675-0, 88-CP-000318676-0, 88-CP-000318677-0)

Policy Period: From: 5/15/2017 To: 5/15/2018

Policy Limits: \$300,000,000.00

RCV or ACV: Replacement Cost Value

Deductible Amount \$25,000,000.00 each and every occurrence property damage and 30 days each and every occurrence business interruption in respect of Named Windstorm.

Does the Applicant's Commercial Policy extend coverage for the damage described in this project: Yes

The amount of the deductible being funded in this project is \$0.00

The amount of the deductible previously funded in other projects is \$25,000,000.00

Final Insurance Settlement Status: Insurance proceeds for this project are anticipated

The amount of Anticipated Insurance Reduction applied for Project: \$0.00

NUMBER OF DAMAGED LOCATIONS INCLUDED IN THIS PROJECT: (1)

Damaged Inventory (DI) #433943:

Power Generation

Location Description: The facilities consist of 10 generators in San Juan Central, 7 generators in Palo Seco

GPS Coordinates [REDACTED]

Cause of Loss: Wind / Wind Driven Rain

Damage Inventory Amount: CRC Gross Cost [REDACTED]

Prior Obtain and Maintain Requirement:

No prior insurance requirements were found for this facility.

Reduction(s):

No insurance reduction will be applied to this project. An anticipated insurance reduction of \$193,746,436.00 was applied to FFAST project # 136271 for anticipated insurance proceeds for Hurricane Maria losses. For ease of reference, please see table of insurance allocations: "PREPA Allocation Plan – All Disasters" file.

Obtain and Maintain Requirement:

An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the Power Generation – Palo Seco Steam Plant (7 units) in the amount of [REDACTED]. Please see "SP739681 – Cost Estimate – Insurance" file.

An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the Power Generation – San Juan Steam Plant (10 units) in the amount of [REDACTED]. Please see "SP739681 – Cost Estimate – Insurance" file.

Insurance Proceeds Statement:

FEMA acknowledges that the Applicant is in negotiations with their insurance carrier at the time of the FEMA insurance review and might have received partial settlements. In accordance with 44 CFR §206.250-253, in the absence of an actual settlement, anticipated insurance recoveries will be deducted from this project based on Applicant's insurance policy limits. FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives after a final settlement.

FEMA's Recovery Policy FP 206-086-1, Public Assistance Policy on Insurance (June 29, 2015), requires applicants to take reasonable efforts to recover insurance proceeds that it is entitled to receive from its insurers. FEMA will consider final insurance settlements that may be less than the insurance policy limits when an applicant demonstrates that it has taken reasonable efforts to recover insurance proceeds that it is entitled on a case-by-case basis.

Standard Insurance Comments

FEMA Policy 206-086-1

PART 2: Other Insurance-Related Provisions. (Sections 312 and 406(d) of the Stafford Act)

A. Duplication of Benefits. FEMA cannot provide assistance for disaster-related losses that duplicate benefits available to an applicant from another source, including insurance.

1. Before FEMA approves assistance for a property, an applicant must provide FEMA with information about any actual or anticipated insurance settlement or recovery it is entitled to for that property.
2. FEMA will reduce assistance to an applicant by the amount of its actual or anticipated insurance proceeds.
3. Applicants must take reasonable efforts to recover insurance proceeds that they are entitled to receive from their insurer(s).

...

5. If an applicant has an insurance requirement from a previous event:

- a. FEMA will reduce assistance by the actual or anticipated insurance proceeds, or the amount of insurance required in the previous disaster, whichever is greater.
- b. FEMA will only consider insolvent insurers, legal fees, or apportionment of proceeds as described in Section VII, Part 2(A)(3) and (4) when the applicant's anticipated or actual insurance proceeds are higher than the amount of insurance required in the previous disaster.

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FEMA Policy 206-086-1

H. Subsequent Assistance. When a facility that received assistance is damaged by the same hazard in a subsequent disaster:

1. If the applicant failed to maintain the required insurance from the previous disaster, then the facility is not eligible for assistance in any subsequent disaster.
2. Upon proof that the applicant maintained its required insurance, FEMA will reduce assistance in the subsequent disaster by the amount of insurance required in the previous disaster regardless of:
 - a. The amount of any deductible or self-insured retention the applicant assumed (i.e., "retained risk").

...

4. If the applicant's anticipated or actual insurance proceeds are higher than the amount of insurance required in the previous disaster, FEMA will reduce assistance by that amount in accordance with Section VII, Part 2(A) of this policy.

Obtain and Maintain Requirements:

44 CFR § 206.253 Insurance requirements for facilities damaged by disasters other than flood.

(a) Prior to approval of a Federal grant for the restoration of a facility and its contents which were damaged by a disaster other than flood, the recipient shall notify the Regional Administrator of any entitlement to insurance settlement or recovery for such facility and its contents. The Regional Administrator shall reduce the eligible costs by the actual amount of insurance proceeds relating to the eligible costs.

(b)

(1) Assistance under section 406 of the Stafford Act will be approved only on the condition that the recipient obtain and maintain such types and amounts of insurance as are reasonable and necessary to protect against future loss to such property from the types of hazard which caused the major disaster. The extent of insurance to be required will be based on the eligible damage that was incurred to the damaged facility as a result of the major disaster. The Regional Administrator shall not require greater types and extent of insurance than are certified as reasonable by the State Insurance Commissioner.

(2) Due to the high cost of insurance, some applicants may request to insure the damaged facilities under a blanket insurance policy covering all their facilities, an insurance pool arrangement, or some combination of these options. Such an arrangement may be accepted for other than flood damages. However, if the same facility is damaged in a similar future disaster, eligible costs will be reduced by the amount of eligible damage sustained on the previous disaster.

(c) The Regional Administrator shall notify the recipient of the type and amount of insurance required. The recipient may request that the State Insurance Commissioner review the type and extent of insurance required to protect against future loss to a disaster-damaged facility, the Regional Administrator shall not require greater types and extent of insurance than are certified as reasonable by the State Insurance Commissioner.

(d) The requirements of section 311 of the Stafford Act are waived when eligible costs for an insurable facility do not exceed \$5,000.00. The Regional Administrator may establish a higher waiver amount based on hazard mitigation initiatives which reduce the risk of future damages by a disaster similar to the one which resulted in the major disaster declaration which is the basis for the application for disaster assistance.

(e) The recipient shall provide assurances that the required insurance coverage will be maintained for the anticipated life of the restorative work or the insured facility, whichever is the lesser.

(f) No assistance shall be provided under section 406 of the Stafford Act for any facility for which assistance was provided as a result of a previous major disaster unless all insurance required by FEMA as a condition of the previous assistance has been obtained and maintained.

Final Obtain and Maintain requirement amount will be determined during the closeout process after the final actual eligible costs to repair or replace the insurable facility have been determined.

FEMA Policy 206-086-1

F. Timeframes for Obtaining Insurance. FEMA will only approve assistance under the condition that an applicant obtains and maintains the required insurance.

The applicant must document its commitment to comply with the insurance requirement with proof of insurance.

If an applicant cannot insure a facility prior to grant approval (for example, if a building is being reconstructed), the applicant may provide a letter of commitment stating that they agree to the insurance requirement and will obtain the types and extent of insurance required, followed at a later date by proof of insurance once it is obtained. In these cases, the applicant should insure the property:

- a. When the applicant resumes use of or legal responsibility for the property (for example, per terms of construction contract or at beneficial use of the property); or
- b. When the scope of work is complete.

FEMA and the recipient will verify proof of insurance prior to grant closeout to ensure the applicant has complied with the insurance requirement.

An applicant should notify FEMA—in writing through the recipient—of changes to their insurance which impact their ability to satisfy the insurance requirement after it provides proof of insurance to FEMA. This includes changes related to self-insurance. If an applicant fails to do this, FEMA may de-obligate assistance and not provide assistance in a future disaster.

Jean-Carlo Echevarria, PA Insurance Specialist, CRC Atlantic, Guaynabo, PR

O&M Requirements

Insured Peril	Item Type	Description	Required Coverage Amount
Wind	Equipment	An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the Power Generation – Palo Seco Steam Plant (7 units) in the amount of \$	
Wind	Equipment	An Obtain & Maintain Requirement is being required for Equipment, for the peril of Wind (all wind associated losses including "wind driven rain" for the Power Generation – San Juan Steam Plant (10 units) in the amount of \$	

406 Mitigation

There is no additional mitigation information on **Power Generation (Generation)**.

Environmental Historical Preservation

Is this project compliant with EHP laws, regulations, and executive orders? No

EHP Conditions

- Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
- This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize funding.

- If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archaeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.

EHP Additional Info

There is no additional environmental historical preservation on **Power Generation (Generation)**.

Final Reviews

Final Review

Reviewed By Gomez, Al

Reviewed On 02/24/2024 11:42 AM AST

Review Comments

Per FEMA Administrator letter dated December 23, 2023, this project was found eligible as a Section 428 project, it is cost reasonable, and it is ready to continue the award process.

Recipient Review

Reviewed By Salgado, Gabriel

Reviewed On 02/24/2024 4:59 PM AST

Review Comments

FEMA has determined that PREPA's acquisition of the equipment at these two facilities to temporarily stabilize its grid is eligible, as stated in FEMA's letter on December 26, 2024. As agreed, the SOW can be amended to ensure the equipment listed aligns with the contract purchase. Recipients have reviewed the information, and the Applicant must ensure compliance with all regulatory requirements and PA policy. Additional environmental requirements may be necessary, including cost alignment. The project is ready for applicant review.

Fixed Cost Offer

As a Public Assistance (PA) Subrecipient PR Electric Power Authority (000-UA2QU-00), in accordance with Section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Applicant agrees to accept a permanent work subaward based on a Fixed Cost Offer in the amount of [REDACTED] subaward number 11628 under Disaster # 4339. The Applicant accepts responsibility for all costs above the Fixed Cost Offer.

The Applicant understands that by participating in this pilot program they will be reimbursed for allowable costs in accordance with 2 CFR Part 200, and the reimbursement will not exceed the Fixed Cost Offer. The Applicant also understands that by agreeing to this Fixed Cost Offer, they will not receive additional funding related to the facilities or sites included in the subaward. The Applicant also acknowledges that failure to comply with the requirements of applicable laws and regulations governing assistance provided by FEMA and the PA Alternative Procedures Pilot Program Guidance (such as procurement and contracting; environmental and historic preservation compliance; and audit and financial accountability) may lead to loss of federal funding.

Project Signatures

Signed By Nieves, Ezequiel

Signed On 02/25/2024

