

**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: *Motion Submitting One Scope of Work and a Request for Confidentiality and Supporting Memorandum of Law filed by LUMA on April 4, 2024, and Motion in Compliance with Resolution and Order of April 23, 2024, filed by LUMA on April 30, 2024.*

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") 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. 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.¹ To streamline the process, the Energy Bureau requested PREPA to submit to the Energy Bureau, the specific projects to be funded with Federal Emergency Agency ("FEMA") funds or any other 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 agency².

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^{3,4}.

On April 4, 2024, LUMA filed before the Energy Bureau a document titled *Motion Submitting One Scope of Work, Request for Confidentiality and Supporting Memorandum of Law*, ("April 4 Motion"). LUMA included as Exhibit 1, one (1) Scope of Work ("SOW") for the "Venezuela Substation Transformer Replacement" project. As part of its filing LUMA request confidential designation and treatment to the unredacted non-public version of Exhibit 1.⁵

On April 23, 2024, the Energy Bureau issued a Resolution and Order ("April 23 Resolution") that among others granted LUMA confidential designation and treatment to the unredacted non-public version of such Exhibit 1 under Article 6.15 of Act 57-2014. The Energy Bureau deferred for further evaluation the project SOW and ordered LUMA to provide the actual cost of the completed project⁶.

On April 30, 2024, LUMA filed before the Energy Bureau a document titled *Motion in Compliance with Resolution and Order of April 23, 2024* ("April 30 Motion"). On the April 30

¹ Final Resolution and Order, *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").

² March 26 Resolution, pp.18-19.

³ LUMA Energy, LLC, and LUMA Energy ServCo, LLC (collectively, "LUMA").

⁴ August 20 Resolution, p. 3.

⁵ April 4 Motion, p. 13.

⁶ As part of the April 4 Motion, LUMA indicates that the project was submitted as "work completed" but included as part of the SOW a "cost estimate" and not the "actual cost".



Motion LUMA informs the actual cost incurred for the “Venezuela Substation Transformer Replacement” project.

II. Evaluation and Analysis of the April 4 Motion and April 30 Motion

A. April 4 Motion

Through the April 4 Motion LUMA informed that once the initial SOWs are approved, LUMA will engage with COR3 and federal agencies to seek different federal funding sources, including FEMA’s Hazard Mitigation funding under Section 406 of the Stafford Act⁷ and that at the time of submission of the initial SOWs to the Energy Bureau, it is unknown whether and in what amounts funding through Section 406 will be available.⁸

As Exhibit 1 to the April 4 Motion, LUMA included one (1) initial SOW for the “Venezuela Substation Transformer Replacement”. LUMA informs that the project was initially envisioned to be part of a larger T&D⁹ project that encompassed the totality of the Venezuela Substation. LUMA indicates that the SOW addressed the need to replace a 38/13.2 kV power transformer that was out of service after it suffered catastrophic failure during Hurricane Maria and since then, the substation was operating with a “mobile substation” but given the urgency for increased reliability for affected customers, the mobile substation was needed to be deployed at other locations, and LUMA replaced the transformer on an expedited basis. Thus, the “Venezuela Substation Transformer Replacement” project is submitted as a “work completed”.¹⁰

LUMA indicates that the SOW includes activities related to Field Studies, Design and Engineering, Telecommunication and Substation Automation System, and Protection and Control as described:¹¹

1. Assessment of the protection system for the Transformer Replacement.
2. Assessment of the condition of control, protection, and communication cables.
3. Assessment of the condition of the marshaling box and junction boxes corresponding to the control cabling for the damaged equipment.
4. Evaluation of the existing transformer foundation conditions for compliance with design standards, local and federal codes and LUMA’s policies.
5. Testing for hazardous materials and provisions for a remediation plan.
6. Replacement of the 38/13.2 kV transformer of the 1348 substation.

LUMA indicates that the cost estimate¹² for this project was **\$3,156,254.00**.¹³ Through the April 4 Motion LUMA requests the Energy Bureau approval of the SOW for the T&D project.

B. April 30 Motion

On the April 30 Motion, LUMA informs that the actual cost incurred for the “Venezuela Substation Transformer Replacement” is **\$2,824,331.87**.

⁷ Referred as: “Robert T. Stafford Disaster Relief and Emergency Assistance Act”

⁸ April 4 Motion, pp. 3-4, ¶ 5.

⁹ Refers to “Transmission and Distribution”.

¹⁰ *Id.*, p. 3, ¶ 4.

¹¹ April 4 Motion, Exhibit 1, p.5.

¹² Estimated Cost are based on Class 5 level cost of the Association for the Advancement of Cost Engineering (“AACE”) providing between -50% up to +100%.

¹³ April 4 Motion, Exhibit 1, p. 6.



III. Energy Bureau Determination

After a review of Exhibit 1 of the April 4 Motion, and the April 30 Motion, the Energy Bureau **DETERMINES** that the project is necessary to improve the reliability and resiliency of the electrical system. The Energy Bureau **APPROVES** the project in **Attachment A** to this Resolution and Order. This approval represents **\$2,824,331.87** based on the “actual cost incurred” submitted by LUMA through the April 30 Motion.

The Energy Bureau **APPROVES** the project in **Attachment A** to this Resolution and Order, said project shall be presented to FEMA and COR3 to finalize its approval process for the request of federal funds. The Energy Bureau approved this project based on the information presented by LUMA. Should the scope of the project change or the request for the federal funds is 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 COR3 and/or FEMA of the project in **Attachment A**, which shall have the costs obligated for the project, **within ten (10) days of receipt of such approval**.


The Energy Bureau **REMINDS** LUMA that 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 remains unaltered and if a scope of a project change, LUMA **SHALL** immediately seek the Energy Bureau’s approval of such changes.

The Energy Bureau **WARNS** LUMA that, noncompliance with any provision of this Resolution and Order, may result in the imposition of fines pursuant to Act 57-2014¹⁴ and applicable Energy Bureau’s regulations and any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

Be it notified and published.


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner


Sylvia B. Ugarte Araujo
Associate Commissioner


Antonio Torres Miranda
Associate Commissioner



¹⁴ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended.

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on May 22, 2024. Chairman Edison Avilés Deliz did not intervene. Also certify that on May 22, 2024, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net; laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; julian.angladapagan@us.dlapiper.com; alopez@sbgblaw.com; jfr@sbgblaw.com, legal@genera-pr.com, regulatory@genera-pr.com.

I sign this in San Juan, Puerto Rico, today, May 22, 2024.



Sonia Seda Gaztambide
Clerk



Attachment A
Project approved by the Energy Bureau.

April 4 Motion	
Project Name	Actual incurred Cost¹⁵
Venezuela Substation Transformer Replacement.	\$2,824,331.87.
TOTAL	\$2,824,331.87



¹⁵ "Actual Cost Incurred" submitted by LUMA on the April 30 Motion.