

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

NEPR

Received:

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IN RE:

REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S
SYSTEM REMEDIATION PLAN

CASE NO. NEPR-MI-2020-0019

SUBJECT: Motion in Compliance with the
Resolution and Order of October 29, 2024

**MOTION IN COMPLIANCE WITH THE RESOLUTION AND ORDER OF OCTOBER
29, 2024**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”), (jointly referred to as “LUMA”), and respectfully state and request the following:

1. On February 24, 2021, LUMA filed before this Honorable Puerto Rico Energy Bureau (“Energy Bureau”) a Request for Approval of the System Remediation Plan (SRP), pursuant to LUMA’s obligations under Section 4.1(d) of the Puerto Rico Transmission and Distribution Operation and Maintenance Agreement of June 22, 2020 (“T&D OMA”).

2. After several procedural steps, including requests for information and a technical conference, on June 23, 2021, this Energy Bureau issued a Resolution and Order approving LUMA’s proposed SRP (“June 23rd Order”), after determining that “LUMA [had] developed a reasonable approach to identify and prioritize both, physical asset deficiencies and business process deficiencies, and [had] developed initiatives designed to remediate those systems.” *See* June 23rd Order, at p. 37. Following this Energy Bureau’s approval, LUMA has steadfastly filed

quarterly and annual reports in the captioned proceeding, in alignment with standing reporting requirements.¹

3. Moreover, in the June 23rd Order, this Energy Bureau recognized that the SRP could require revisions or updates in the future and, thus, ordered LUMA to file any future modifications, along with the rationale and justification for the proposed changes, and an explanation of the impact of such modifications on other initiatives and overall SRP goals. *See* June 23rd Order, p. 38. In accordance with said directive, and in compliance with Section 5.4 of the T&D OMA, LUMA has submitted several modifications to the approved SRP Improvement Programs, along with explanations on the progress of the SRP. *See* filings of April 14, 2022; December 22, 2023 and June 5, 2024.

4. Recently, on October 29, 2024, “[a]s part of its monitoring of the system remediation process”, this Energy Bureau entered a Resolution and Order in which it issued a series of requests for information, contained in Attachment A of said order (“October 29th Order”). The requests for information issued by this Energy Bureau pertained to SRP Implementation Timelines and Delays; Impact of Budget Constraints; Root Cause Analysis of System Interruptions; Federal Funding Utilization; Procurement Process Improvements; Resource Allocation and Workforce Development; and Environmental and Regulatory Compliance, amongst other matters.

5. LUMA was granted a term of thirty (30) days to comply with this Energy Bureau’s October 29th Order. To wit, on or before December 2, 2024.

¹ The record of this proceeding shows that throughout Fiscal Years 2022, 2023, 2024 and 2025, LUMA has consistently submitted quarterly and annual reports on spending for SRP Improvement Programs. *See* filings of November 15, 2021; February 15, 2022; May 16, 2022; November 30, 2022; December 9, 2022; February 14, 2023; May 22, 2023; August 14, 2023; October 23, 2023; November 14, 2023; February 15, 2024; May 15, 2024; August 13, 2024; October 28, 2024; November 14, 2024.

6. Accordingly, LUMA hereby submits as *Exhibit 1* to this Motion its responses to the requests for information posed by this Energy Bureau, through Attachment A of the October 29th Order.

WHEREFORE, LUMA respectfully requests that the honorable Energy Bureau **take notice** of the above; **accept** LUMA's responses to the requests for information posed by this Energy Bureau, through Attachment A of the October 29th Order; and **deem** LUMA in compliance with the October 29th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 2nd day of December 2024.

We hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. We also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Mirelis Valle-Cancel, mvalle@gmlex.net; Alexis G. Rivera Medina, arivera@gmlex.net; and to Genera PR LLC, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com, Alejandro López Rodríguez, alopez@sbgblaw.com, legal@genera-pr.com; and regulatory@genera-pr.com.



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Exhibit 1

Response to October 29, 2024, Requests

NEPR-MI-2020-0019

December 2, 2024



System Remediation Plan

List of Responses and Attachments

Response ID	Document Type	Response Subject
RFI-LUMA-MI-2020-0019-20241029-PREB-001	Response in PDF	SRP Realities and Challenges
	Attachment*	
RFI-LUMA-MI-2020-0019-20241029-PREB-002	Response in PDF	Detailed Breakdown of Delays
	Attachment*	
RFI-LUMA-MI-2020-0019-20241029-PREB-003	Response in PDF	Impact of Budget Constraints
RFI-LUMA-MI-2020-0019-20241029-PREB-004	Response in PDF	Root Cause Analysis of System Interruptions -SRP Impact
RFI-LUMA-MI-2020-0019-20241029-PREB-005	Response in PDF	Federal Funding Utilization
RFI-LUMA-MI-2020-0019-20241029-PREB-006	Response in PDF	Procurement Process Improvements
RFI-LUMA-MI-2020-0019-20241029-PREB-007	Response in PDF	Resource Allocation and Workforce Development
RFI-LUMA-MI-2020-0019-20241029-PREB-008	Response in PDF	Environmental and Regulatory Compliance

Note: *Denotes attachments that have been provided in Microsoft Excel format.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-001

SUBJECT

SRP Realities & Challenges

REQUEST

Submit a revised SRP implementation timeline reflecting current realities and challenges.

RESPONSE

LUMA's SRP revised timelines are the ones that were submitted to PREB on June 2024 in ROI-LUMA-MI-2021-0004-20240612-PREB-014_Attachment 1. Please see RFI-LUMA-MI-2020-0019-20241029-PREB-001-Attachment1, where LUMA includes updates based on current realities and challenges in column H, "Description of Changes and Rationale."

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-002

SUBJECT

Detailed Breakdown of Delays

REQUEST

- a. A comprehensive analysis of the factors contributing to timeline extensions for each affected program
- b. Specific mitigation strategies implemented or planned to address these delays
- c. Updated project schedules reflecting revised milestones and completion dates

RESPONSE

- a & b. The programs listed below have cited a timeline change in FY2025. We've evaluated the high-level description for the change and have included a more fulsome analysis and their mitigation on these factors below.

Interdependent Programs

- **Standardized Metering & Meter Shop Setup:** The remediation of this program has been delayed as the purchase of meter testing equipment needed to be aligned and coordinated with the Advanced Metering Infrastructure program. Further investment in the current meters has been prudently limited to what is necessary, given that all meters will be changed to more modern meters over the next few years.
 - To address this challenge, LUMA secured funding for the acquisition of new equipment and an updated inventory management system to modernize the meter shop through the Advanced Metering Infrastructure program.
- **Tools Repair & Management:** The remediation of this program has been delayed as it is dependent on the T&D Fleet program which is expected to be remediated by FY2032. This has slowed the installation of vehicles tools which are critical to the program's remediation.
 - To mitigate this delay LUMA has started the procurement process of tools so that they are readily available when the employees and vehicles are ready. This will be managed through the implementation of a tool crib system.

Procurement / Vendor / Contracting

- **Permit Processes & Management:** The remediation of this program was delayed due to insurance requirements that the vendor was unable to provide at the time the contract was

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executed. Consequently, the vendor was unable to begin providing services until complying with this requirement.

- To mitigate this challenge, LUMA is working to communicate the insurance requirements earlier in the process and support our vendors in understanding and meeting these requirements, ensuring compliance is in place when contracts are ready to be implemented.
- **Land Record Management:** The factors contributing to the delay and mitigation strategy are the same as in the “Permit Processes & Management” program.
- **Critical Energy Management System Upgrades:** The remediation of this program has been delayed due to supply chain issues with the acquisition of the energy management system hardware and delays associated with additional conversion work required to address non-standard legacy configurations.
 - To mitigate these challenges, LUMA worked closely with the vendor to revise hardware specifications, ensuring alignment with available resources and project needs. Additionally, LUMA collaborated with the vendor to expedite the necessary conversions and adaptations to address the legacy configurations, minimizing further delays.
- **Update to Third Party Use, Audit, Contract and Billing Procedures:** The remediation of this program has been delayed as it depends on the acceptance and signing of the TPA agreements and the telecommunication companies providing the third-party attachments inventory.
 - To mitigate these challenges, LUMA is actively working with telecommunication companies to negotiate a temporary agreement. Once established, this agreement can be replicated with other telecommunication providers. Additionally, LUMA is exploring alternatives with the government to conduct a general inventory. To date, only four telecommunication providers have submitted their equipment inventories.

Federal Funding Delays - Please see response to RFI-LUMA-MI-2020-0019-20241029-PREB-005.

- **IT OT Telecom Systems & Network**
- **Vegetation Management and Capital Clearing Implementation**

Budget Limitations - Please see response to RFI-LUMA-MI-2020-0019-20241029-PREB-003.

- **Billing Accuracy & Back Office**
- **Facilities Development & Implementation**
- **Workflow Processes & Tracking**

Environmental Assessment

- **Control Center Construction & Refurbishment:** Two factors contributed to the remediation date delay of this program. First, the FEMA Environmental Planning and Historic Preservation (EHP) office determined that the project size exceeded the Programmatic Environmental Assessment impact area of five acres and therefore a more specific National Environmental Policy Act (NEPA) evaluation is required. Second, the relocation of staff requires modification of spaces to accommodate them, which cannot be started until funding obligation is obtained. Funding obligation is tied to the FEMA EHP Tiered Environmental Assessment completion.

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- The Tiered Environmental Assessment process officially started with a scoping meeting in July 2024. LUMA is working closely with FEMA EHP to provide the information required to complete this process and prevent further delays.
- For the second issue LUMA is working closely with procurement to ensure timely turnaround through the procurement process.

Additional Gaps/ Milestones Brought into Scope

- **Billing Accuracy & Back Office:** The remediation of this program has been delayed as additional gaps have been found due to the existing atypical and incomplete configuration of the CC&B system. The system current version does not enable automated system updates from the vendor. Any system patches and upgrades result in unintended system impacts requiring significant internal planning and testing causing unforeseen delays.
 - To mitigate this challenge, LUMA has adjusted the strategy for production configuration changes and started implementing individual changes one by one, requiring additional time beyond our original estimate, to advance the CC&B system to that of a high-performing utility.
- c. For the updated project schedules on these programs revised milestones and completion dates, please reference RFI-LUMA-MI-2020-0019-20241029-PREB-002-Attachment1 – target completion dates for FY2025 are included in Column E.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-003

SUBJECT

Impact of Budget Constraints

REQUEST

- a. Itemized breakdown of how the "insufficiencies of the 2017 Base Rate" affect each program
- b. Quantitative analysis of the funding gap between current allocations and required investments
- c. Proposed solutions or alternate funding mechanisms to address budget shortfalls

RESPONSE

- a. Please refer to Section 5.0 of LUMA's FY2025 Budget submission of May 25, 2024. This section details the insufficiencies of the 2017 Base Rate in the context of the FY2025 budget and, as such, includes a breakdown of the affected programs:
 - Distribution Streetlighting
 - Billing Accuracy & Back Office
 - New Business Connections
 - Distribution Line Rebuild
 - Substation Reliability
 - Facilities Development & Implementation
 - T&D Fleet
 - Workflow Processes & Tracking
 - Tools Repair & Maintenance
 - Critical Financial Systems
- b. Refer to ROI-LUMA-MI-2021-0004-20240612-PREB-017, as submitted to PREB in June 2024. The funding gap of the required investment was included as "deferred costs."
- c. The current 2017 Base Rate does not reflect the realities and related challenges of current grid operation. It is insufficient for addressing grid challenges, decades of mismanagement, and Puerto Rico's energy transformation goals. The 2017 Base Rate did not take into account critical elements including costs associated with Title III, federal-funded cost-sharing, network upgrades and inflationary impacts. This further exacerbates the mismatch between actual needs and available resources. In both FY2024 and FY2025, additional governmental funding was provisioned to the utility to help support the insufficiencies of the Base Rate. The funding provided was not guaranteed and was allocated to each operating entity based on their budgetary petition. It should be noted that this is not a long-term solution, nor something that LUMA can feasibly build into their budget or forecasting as this

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depends on the resources and flexibility of the government agency and their unallocated funds. In 2025, LUMA is preparing to proceed with a rate petition to the Energy Bureau as previously planned and initiated in FY2024.

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Response to Request of Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-004

SUBJECT

Root Cause Analysis of System Interruptions - SRP Impact

REQUEST

- a. Analysis of the effectiveness of completed infrastructure improvements in reducing outages
- b. Identification of persistent issues contributing to system unreliability

RESPONSE

a. The Puerto Rico Transmission & Distribution system operated by LUMA has suffered from decades of underinvestment, inadequate maintenance, as well as the effects of natural disasters including three hurricanes in the last seven years. To address these challenges, LUMA has implemented multiple improvement programs focused on reducing the frequency and duration of outages and strengthening the grid's resilience. Significant progress reducing outages has been achieved since LUMA began operations. Key accomplishments include:

- Strengthened the energy system against storms and hurricanes by replacing more than 19,600 utility poles including new poles designed to withstand up to 160+ mph winds.
- Assessed, repaired and replaced 38kV, 115kV, and 230kV critical structural and equipment assets to improve reliability. Since inception, LUMA has made critical repairs on more than 50 transmission lines, which has help avoid over 80 million customer interruption minutes and 700,000 customer interruptions.
- Assessed and carried out equipment upgrades at high voltage substations to improve reliability. Visually inspected all substation sites, with ongoing equipment testing and assessments. Thirty-eight high voltage equipment upgrades are underway or completed, which has helped avoid over 30 million customer interruption minutes, and more than 180,000 customer interruptions.
- Reduced size and the impact of outages by installing over 9,000 grid automation devices, which has help avoid over 240 million customer interruption minutes, and 1.1 million customer interruptions.
- Addressed the largest cause of outages by trimming vegetation across over 5,300 miles of powerlines and electric infrastructure, avoiding over 18 million customer interruption minutes, and more than 120,000 customer interruptions.

While significant work remains, customers are already benefiting from these initiatives. Collectively, these improvements and others implemented by LUMA have contributed to over 368 million avoided

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customer interruption minutes and over 2.1 million avoided customer interruptions since commencement.

- b. LUMA is actively executing a comprehensive modernization plan to align the system with industry standards and enhance operational performance. Utilizing industry best practices, LUMA is systematically evaluating and upgrading critical infrastructure to improve grid resiliency and reliability. Two key issues contributing to system unreliability are vegetation management and equipment failure. Together they account for approximately 80% of unplanned service interruptions.

Outages related to vegetation have contributed to more than 50% of system outages and can exacerbate without corrective action. To mitigate this risk, we continue vegetation management activities across all asset functions, which include transmission, distribution, and substations, and continue working to receive funding obligation for the execution of an island-wide vegetation clearance program. These measures will help implement and maintain necessary clearances around the infrastructure and appropriately protect all assets from continuous physical and electrical fault damage that has been the source of poor system performance.

The degradation of the system has caused frequent equipment failures, contributing to more than 30% of system outages. This stress creates cascading weaknesses across components, reducing the grid's operational flexibility, and making standard utility testing and maintenance nearly impossible. Consequently, the life expectancy of connected assets is significantly shortened. The result of this is an infrastructure that experiences faults at a rate much higher than other utilities. Please refer to Section 3.0 of LUMA's System Improvement Preliminary Plan for details on system critical contingency equipment.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-005

SUBJECT

Federal Funding Utilization

REQUEST

- a. Explanation for the underspending of federally funded capital expenditures
- b. Breakdown of delays in federal funding approvals and their impact on project timelines
- c. Strategies to improve the use of federal funds

RESPONSE

a, b, and c.

LUMA's annual federally funded capital budget is developed taking into consideration the recovery and transformation framework, existing funding obligations, available resources, system needs from a reliability perspective, and compliance with statutory and regulatory requirements. The deployment of the federally funded budget, and the execution of the associated work, is dependent on multiple factors, including factors outside of LUMA's control. Global supply chain constraints, on-island resource availability, materials and equipment procurement, the timing of funding obligations, as well as weather events all impact the extent to which capital works can be completed in the timeline originally intended.

In FY2024, LUMA spent fewer federal funds than had originally been budgeted due to a series of challenges, including unforeseen complexities associated with the procurement process, delays in the design phases associated with building facilities, and an obligation process for first-of-its-kind projects like vegetation clearing that took longer than expected. It is important to note that FEMA process is complex due to its multi-layered structure and rigorous compliance requirements. FEMA compliance process includes twenty sequential steps and many stages which LUMA endeavors to fully complete while meeting established timelines. The process includes communications with various stakeholders, requesting and receiving approvals, where required, and constant review of the project parameters and goals.

Since beginning operations, LUMA has received obligations for 179 projects. Of these, 153 projects have started construction or been completed, resulting in progress towards restoring the electric grid. LUMA has been executing this work while navigating other challenges, including funding constraints associated with an outdated and insufficient rate structure and PREPA's ongoing Title III bankruptcy, which limits the utility's access to capital markets to fund capital improvements and provide necessary working capital.

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Simultaneously, to enhance overall efforts, LUMA has collaborated with COR3 and the Federal Emergency Management Agency (FEMA) to advance the obligation of historic projects. These include the initial phase of a comprehensive island-wide vegetation clearing program, the first stage of a grid automation initiative, and the establishment of advanced metering infrastructure—the largest single hazard mitigation project FEMA ever awarded. Additionally, LUMA is leveraging engineering, procurement, and construction (EPC) contracts to deploy critical new substations, bringing the transmission and distribution (T&D) system closer to compliance with national standards, such as FERC and NERC regulations.

To execute this work and many other projects, LUMA has successfully worked with COR3 and FEMA to obligate an additional \$1 billion for a total of \$1.7 billion in equipment and materials to mitigate supply chain challenges. This progress stems from the strong working relationships established with the Central Office for Recovery, Reconstruction, and Resilience (COR3) and FEMA. To continue advancing critical projects and maximizing available federal funds, LUMA has also collaborated with its grid recovery partners to explore additional federal funding opportunities. These include programs from the U.S. Department of Housing and Urban Development (HUD) and the Puerto Rico Department of Housing (PRDOH) under the Community Development Block Grant Disaster Recovery (CDBG-DR) initiative, focused on hazard mitigation, grid resilience, and cost-sharing. Furthermore, LUMA has submitted FEMA 406 Hazard Mitigation (406 HM) proposals across all major asset categories and projects and applications for FEMA Section 404 Hazard Mitigation funding.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-006

SUBJECT

Procurement Process Improvements

REQUEST

- a. Detailed account of procurement challenges faced in FY2024
- b. Specific measures implemented to streamline procurement processes
- c. Projected timeline for resolving ongoing procurement issues

RESPONSE

a. In FY2024, LUMA encountered a range of procurement challenges that significantly hindered its operations. Among these challenges was a workforce shortage. This shortage forced the team to focus primarily on urgent procurement needs, leaving little capacity for hiring, training, or refining processes. Consequently, delays in updating and streamlining policies and procedures led to additional inquiries and further slowed progress. Despite this workforce shortage, in FY2024, LUMA launched 870 procurement events, completing 820 of them worth \$3.3 billion in contracts. Another pressing issue was the prolonged cycle times for large procurements, which caused delays in contract negotiations and contributed to a growing backlog of work. Cycle time peaked in February 2024 at 425 days, declining to 305 by the end of the fiscal year. LUMA also encountered delays as the Third-Party Procurement Office (3PPO) took longer than expected to be created, and many projects were waiting for this process to be enabled to start the procurement process. The 3PPO became a live organization in November 2023 and LUMA had several large construction procurements that had been held for months while awaiting their readiness. These were released to market in January and March of this year.

To comply with FEMA, federal procurement, and Puerto Rico regulations, LUMA's has an approved Procurement Manual . Per the process, users create several documents prior to the start of the procurement, namely the contract request, the Statement of Work, the Cost Estimate, and the Insurance requirements. These are reviewed to create a request for proposal that is released to the market, for a minimum of ten business days. Once the bidding is closed a commercial and technical evaluation is completed, approved and the contract negotiation starts. Contracts that exceed \$30 million each fiscal year need to be approved by the FOMB and P3A. This approval can extend from three weeks to several months.

b. LUMA has implemented several measures to streamline procurement processes and mitigate challenges effectively. At the start of FY2024, a revised Procurement Manual was published to establish

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clearer guidelines for every stage of the procurement process, from assessing requirements to delivering results and ensuring teams follow the common framework. To further drive improvements, LUMA engaged an external partner to assess the department and lead a comprehensive procurement transformation, which included redefining the department's organizational structure, establishing goals, and identifying key success factors to drive change. LUMA appointed a new Chief Procurement Officer that brings extensive experience in leadership roles specializing in financial and strategic planning, global sourcing strategies, business negotiation, and contract life cycle management.

A new stage-gate governance process was implemented to establish alignment between all stakeholders upfront at the procurement event kickoff and throughout the process, preventing re-work and enhancing the quality of procurements. LUMA conducted a Supplier Summit in April with 1,000 attendees to build better rapport with the vendor community and educate them on how to work with LUMA and LUMA's overall process. We have instituted new vendor management policies to increase communication with vendors during events to make clearer where we are in the process. We published guidance for the vendors on our website on how to register and work with us. We have conducted several trainings internally to better educate our internal stakeholders on the procurement process and their part in it, and have increased the internal visibility to procurement execution.

c. LUMA is actively implementing additional measures to enhance procurement operations and address existing challenges. By the end of FY2025, LUMA will have hired 15 operational procurement specialists and five internal controls specialists to address workforce shortages, support the reassessment and implementation of updated processes and procedures, and thus, strengthen the department's capacity. To further streamline operations, LUMA is establishing a dedicated sourcing team focused on improving the drafting of scopes of work and streamlining event execution. This initiative will also promote closer collaboration between the procurement department and other business functions, fostering greater alignment. Additionally, LUMA will implement a new workflow management tool designed to improve process adherence, provide better visibility into performance metrics, and facilitate tracking of key performance indicators. Alongside these advancements, LUMA expects to introduce a revised Procurement Manual, which is currently pending approval from P3A. While some challenges may persist, LUMA will be in a stronger position and on the path toward building a more efficient and effective procurement organization.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-007

SUBJECT

Resource Allocation and Workforce Development

REQUEST

- a. Analysis of current workforce capacity versus required capacity for SRP implementation
- b. Details on training programs and recruitment efforts to address skill gaps
- c. Projected timeline for achieving ideal workforce capacity

RESPONSE

a. Our workforce is structured to meet customer needs and support our mission to be responsive to contractual and regulatory requirements. We need to size ourselves to accommodate the workload anticipated to support the planning and execution of SRP and Non-SRP Improvement Programs. It should be noted that the men and women of LUMA work across a myriad of programs and activities and are not classified as SRP-specific team members. However, each year, LUMA does budget for its ideal workforce based on expected activities and needs for operations. LUMA's internal workforce levels are not the primary driver of program delays. However, as previously stated, resource availability, including contractors, remains a significant challenge for program deployment.

b. As part of our development culture, LUMA has implemented foundational training across the organization, focusing on safe working practices, performance management, and essential supervisory skills. Key training areas include power system work standards, critical work methods, goal setting, employee development, performance evaluation, and feedback. We have already launched training programs in these areas and are expanding efforts to include performance appraisal, coaching, and mentoring. By strengthening these core competencies, we aim to enhance organizational capability, ensure employee and public safety, and promote a culture of continuous learning. In addition, we are actively raising awareness about policy changes, process updates, and system improvements to reinforce our commitment to safety, excellence, care, pride, and accountability. As part of our workforce development efforts, we operate a Department of Labor Registered Apprenticeship program that provides technical training and continuous education to certify line workers, substation technicians and underground technicians. This program is conducted through the LUMA College for Technical Training, a state-of-the-art facility designed to meet modern training standards. This ensures that our workforce remains skilled, knowledgeable, and equipped to maintain a safe and productive environment. This apprenticeship program has successfully hired approximately 101 former PREPA employees, integrating them into various stages of the apprenticeship program to strengthen our workforce further. Regarding

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recruitment, LUMA has consistently maintained journey worker positions open on our career page, leading to the successful hiring of 21 qualified candidates to date. LUMA also hosted the largest internship program for any company in Puerto Rico, having successfully transitioned over 200 engineering students from local universities into full-time employees.

c. The projected timeline for achieving ideal workforce capacity will respond to the business analysis and priorities aligned with our collective operational capability and resources.

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Response to Request for Information

NEPR-MI-2020-0019

Response: RFI-LUMA-MI-2020-0019-20241029-PREB-008

SUBJECT

Environmental and Regulatory Compliance

REQUEST

- a. Comprehensive list of pending environmental assessments and regulatory approvals
- b. Strategies to expedite compliance processes without compromising standards
- c. Impact of compliance requirements on overall SRP timeline

RESPONSE

- a. Several SRP programs, such as the Transmission Line Rebuild, Control Center Construction and Refurbishment, and Vegetation Management and Capital Clearing Implementation require a high degree of environmental assessment, permitting, and review. Implementation timelines are subject to resolution of pending environmental assessments, we are working closely with FEMA to address this process.

As a general rule, the specific requirements for environmental assessments and regulatory approvals depend on the scope, extent, and location of the projects or activities being performed. For federally funded projects, FEMA is responsible for the Environmental Assessment that is generated to meet the National Environmental Policy Act (NEPA) requirements, including determining the level of compliance required and leading any necessary consultations with other federal or state agencies.

Below LUMA includes a comprehensive list of commonly required assessments and regulatory approvals for federally funded and non-federally funded projects.

Process	Entity
Endorsement	Department of Transportation and Public Works Agency
Endorsement	Municipalities

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Process	Entity
Excavation and Demolition Notification	Department of Transportation and Public Works Agency
Construction Permit Exemption Request	Permits Management Office
Construction Consult	Permits Management Office
Consolidated Construction Permit (PCOC)	Permits Management Office
Infrastructure Recommendation (SRI)	Permits Management Office
Location Consult (CUB)	Permits Management Office
Single Incidental Permit (PU)	Permits Management Office
Unique permit for temporary activities (PUPAT)	Permits Management Office
Waste Disposal	Department of Natural and Environmental Resources
Hazardous Waste	Department of Natural and Environmental Resources
Substantial Damage Determination	Planning Board
Regulation 13 Compliance Certification	Planning Board Permits Management Office Department of Natural and Environmental Resources
Asbestos and Lead Certification	Permits Management Office Department of Natural and Environmental Resources
Air traffic	Federal Aviation Administration
Spill Prevention Countermeasure Control Plan (SPCC)	Environmental Protection Agency
Permit Unique (PU)	Permits Management Office
Radio Communication License	Federal Communications Commission

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Process	Entity
Emergency Generator	Department of Natural and Environmental Resources
Use Oil Generator and Management	Department of Natural and Environmental Resources
Underground Storage Tank	Department of Natural and Environmental Resources
Underground Injection Permit	Department of Natural and Environmental Resources
ID of Tire Generating Facility	Department of Natural and Environmental Resources
New or Modification of Special Permits	Department of Natural and Environmental Resources U.S Forest Service U.S. Fish and Wildlife
Authorization under Special Permit or at Natural Protected Areas	Department of Natural and Environmental Resources U.S. Forest Service U.S. Fish and Wildlife
National Wide Permit	Department of Natural and Environmental Resources U.S Army Corps of Engineers Planning Board
Endangered Species	U.S Forest Service
State Historic Preservation Office	State Historic Preservation Office
Historical and Archaeological	Institute of Puerto Rican Culture
Environmental Recommendation (SRM)	Permits Management Office
Environmental Recommendation (REA)	Permits Management Office
Environmental Determination	Permits Management Office

- b. LUMA has implemented several strategies to expedite compliance processes while maintaining high standards. Key efforts include establishing strong communication channels with government

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agencies to standardize environmental assessment and regulatory compliance processes and procedures.

LUMA has collaborated with the Permit Management Office with several administrative orders, such as OGPe Administrative Order 2021-07, which clarifies the applicability of categorical exclusions for permit-exempt projects, and OGPe Administrative Order 2024-10, which establishes an expedited process for government-priority projects. LUMA has also submitted 20 legal pre-consultation requests to OGPe to clarify regulatory requirements and promoted interagency agreements with the Department of Transportation and Public Works to streamline approvals for projects impacting Puerto Rico state highways.

Additionally, LUMA has proposed several measures to FEMA through the COR3 office to expedite work, including adopting a programmatic approach for projects to assess the potential environmental and historic preservation impacts for NEPA compliance, to expedite the required agency consultations and scope evaluations. Furthermore, LUMA proposed aligning the Area of Potential Effects (APE) delimitation methodology with the Puerto Rico Aqueducts and Sewers Authority and Puerto Rico Highways and Transportation Authority, limiting the APE to the utility's right-of-way, staging areas, and temporary roads. The current 200-meter buffer around APEs has created delays in the timely completion of Section 106 of the National Historic Preservation Act compliance process. These proposals are under FEMA's consideration as part of LUMA's commitment to accelerating compliance processes without compromising environmental or regulatory standards.

- c. Six of the seven LUMA Improvement Portfolios are dependent on compliance with environmental and permitting processes. Environmental compliance, particularly when federally funded projects require compliance with NEPA through FEMA, can significantly affect the timeline of the SRP programs. The timeline may be influenced by various factors, including data collection, agency consultations, development of the Environmental Assessment or Impact Statement document, public engagement, permitting process, mitigation requirements, and remediation for closeout.

To address these challenges, LUMA has recommended that FEMA adopt a Programmatic Environmental Assessment to streamline environmental reviews. This approach aims to reduce redundancies, produce comprehensive assessments, enhance transparency, and improve efficiency in the regulatory process while avoiding duplications. Beyond federal regulations, LUMA must also navigate state and local rules and procedures, further influencing the overall SRP timeline.