

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

NEPR

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**IN RE: PUERTO RICO'S ELECTRIC
POWER AUTHORITY RATE REVIEW**

CASE NO. NEPR-IN-2023-0003

**SUBJECT: LUMA's Motion in Compliance
with Hearing Examiner's Order Posing
Provisional Rate Questions**

**LUMA'S MOTION IN COMPLIANCE WITH HEARING EXAMINER'S ORDER
POSING PROVISIONAL RATE QUESTIONS**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo") (jointly referred to as the "Operator" or "LUMA"), and respectfully state the following:

1. On July 14, 2025, the Hearing Examiner issued an *Order Posing Provisional Rate Review Questions; Addressing PREPA's Challenge to LUMA's Request for Incremental Funding* ("July 14th Order"). The Energy Bureau directed the parties to submit responses to the legal and practical questions as outlined in Attachment A to the Order by Tuesday, July 15, 2025.

2. LUMA hereby submits, as *Exhibit 1* to this Motion, its responses to the questions set forth in the July 14th Order.

3. LUMA reserves the right to supplement or amend its responses should further clarifications or additional information become necessary.

WHEREFORE, LUMA respectfully requests that this Honorable Hearing Examiner **take notice** of the aforementioned; **accept** LUMA's responses filed herewith; and **deem** LUMA in compliance with the July 14th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of July 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this Motion will be notified to Hearing Examiner, Scott Hempling, shempling@scotthemplinglaw.com; and to the attorneys of the parties of record. To wit, to the *Puerto Rico Electric Power Authority*, through: Mirelis Valle-Cancel, mvalle@gmlex.net; Juan González, jgonzalez@gmlex.net; Alexis G. Rivera Medina, arivera@gmlex.net; and Juan Martínez, jmartinez@gmlex.net; and to *Genera PR, LLC*, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com; Gabriela Castrodad, gcastrudad@sbgblaw.com; Jennise Alvarez, jennalvarez@sbgblaw.com; regulatory@genera-pr.com; José J. Díaz Alonso, jdiaz@sbgblaw.com; and legal@genera-pr.com; *Co-counsel for Oficina Independiente de Protección al Consumidor*, hrivera@jrsp.pr.gov; contratistas@jrsp.pr.gov; pvazquez.oipc@avlawpr.com; *Co-counsel for Instituto de Competitividad y Sustentabilidad Económica*, jpouroman@outlook.com; agraitfe@agraitlawpr.com; *Co-counsel for National Public Finance Guarantee Corporation*, epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com; matt.barr@weil.com; robert.berezin@weil.com; Gabriel.morgan@weil.com; Corey.Brady@weil.com; *Co-counsel for GoldenTree Asset Management LP*, lramos@ramoscruzlegal.com; tlauria@whitecase.com; gkurtz@whitecase.com; ccolumbres@whitecase.com; iglassman@whitecase.com; tmacwright@whitecase.com; jcunningham@whitecase.com; mshepherd@whitecase.com; jgreen@whitecase.com; *Co-counsel for Assured Guaranty, Inc.*, hburgos@cabprlaw.com; dperez@cabprlaw.com; mmcgill@gibsondunn.com; lshelfer@gibsondunn.com; howard.hawkins@cwt.com; mark.ellenberg@cwt.com; casey.servais@cwt.com; bill.natbony@cwt.com; thomas.curtin@cwt.com; *Co-counsel for Syncora Guarantee, Inc.*, escalera@reichardescalera.com; arizmendis@reichardescalera.com; riverac@reichardescalera.com; susheelkirpalani@quinnemanuel.com; erickay@quinnemanuel.com; *Co-Counsel for the PREPA Ad Hoc Group*, dmonserrate@msglawpr.com; fgierbolini@msglawpr.com; rschell@msglawpr.com; eric.brunstad@dechert.com; Stephen.zide@dechert.com; david.herman@dechert.com; michael.doluisio@dechert.com; stuart.steinberg@dechert.com; *Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica*, nancy@emmanuelli.law; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; *Official Committee of Unsecured Creditors of PREPA*, jcasillas@cstlawpr.com; jnieves@cstlawpr.com; *Solar and Energy Storage Association of Puerto Rico*, Cfl@mcvpr.com; apc@mcvpr.com; javrua@sesapr.org; mrrios@arroyorioslaw.com; ccordero@arroyorioslaw.com; *Wal-Mart Puerto Rico, Inc.*, Cfl@mcvpr.com; apc@mcvpr.com; *Mr. Victor González*, victorluisgonzalez@yahoo.com; and *the Energy Bureau's Consultants*, jrinconlopez@guidhouse.com; Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; jorge@maxetaenergy.com; rafael@maxetaenergy.com; RSmithLA@aol.com; msdady@gmail.com; mcranston29@gmail.com; dawn.bisdorf@gmail.com; ahopkins@synapse-energy.com; clane@synapse-energy.com; guy@maxetaenergy.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; kbailey@acciongroup.com; hjudd@acciongroup.com; zachary.ming@ethree.com; PREBconsultants@acciongroup.com.



DLA Piper (Puerto Rico) LLC
500 Calle de la Tanca, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9107
Fax 939-697-6147

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
RUA 16,266
margarita.mercado@us.dlapiper.com

/s/ Jan M. Albino López
Jan M. Albino López
RUA 22,891
jan.albinolopez@us.dlapiper.com

Exhibit 1

(Attachments referenced therein to be submitted via email)

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-001

SUBJECT

Priority Stabilization Plan (PSP)¹

REQUEST

Cost discrepancy – Exhibit 1, Table 12 (p. 74) assigns **\$122.9 million** to the PSP, while response ROILUMAMI2024000520241205PREB024 in NEPR-MI-2024-0005 lists only **\$37.7 million** of incremental PSP expense. *Please reconcile the two figures and explain the reason for the difference.*

RESPONSE

The System Stabilization Projects (SSP) represent \$119.4 million of projects, which include both the updated costs of the FY2026 planned portions of the priority substation and transmission projects included in the System Improvements Preliminary Plan (SIP) filed in June of 2024, as well as additional stabilization activities necessary across the Transmission and Distribution (T&D) system (including those approved in the March 28th Resolution and Order on NEPR-MI-2024-0005²). \$37.7 million was the estimate, at the time provided, for the FY2026 portion of only those priority substation and transmission projects included in the SIP that were projected to have activities scheduled to occur in FY2026. The \$119.4 million includes additional projects encompassing the more comprehensive and updated systemwide efforts required at this time as well as the activities that have been required to carry over into FY2026 from activities originally projected to be complete in FY2025 due to funding and cash constraints with consequent delays. It is noted that the \$37.7 million was indicated as a preliminary estimate at that point in time for only those specific projects that were planned to extend into FY2026 and the updated FY2026 estimated amount for those same projects at this time is \$36.4 million. A spreadsheet detailing this breakdown is included as Attachment 1 to the response to *ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-002*.

¹ Energy Bureau Case No. NEPR MI 2024 0005, Order of 28 Mar 2025; <https://energia.pr.gov/wp-content/uploads/sites/7/2025/04/20250328-MI20240005-Resolution-and-Order.pdf>.

² Resolution and Order of March 28, 2025, Docket No. NEPR-MI-2024-0005.

Rate Review

Responses for Information on Provisional Rates NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-002

SUBJECT

Priority Stabilization Plan (PSP)³

REQUEST

PSP amounts in the provisional-rate rider – *Identify and itemize every PSP related cost that LUMA proposes to recover through the provisional-rate rider.*

RESPONSE

The System Stabilization Projects (SSP) include both the specific projects included in the Priority Stabilization Plan (PSP), as well as other critical projects and activities needed to support the stabilization of the system at this time. For details, please refer to the spreadsheet provided as Attachment 1 of this response titled “ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-002_Attachment 1”

³ Energy Bureau Case No. NEPR MI 2024 0005, Order of 28 Mar 2025; <https://energia.pr.gov/wp-content/uploads/sites/7/2025/04/20250328-MI20240005-Resolution-and-Order.pdf>.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-003

SUBJECT

Priority Stabilization Plan (PSP)⁴

REQUEST

Vegetation Management in the PSP – Exhibit 1, Table 12 shows **\$24 million** for Vegetation Management (VM) within the provisional-rate rider. *Describe how this \$24 million aligns with the VM initiatives approved in the PSP (Energy Bureau Case No. NEPRMI20240005, Order of 28 Mar 2025).*

RESPONSE

The Vegetation Management (VM) component that was contained within the Energy Bureau Order referred to above mistakenly interpreted 51 transmission line segments within the Priority Stabilization Plan (PSP) that required line asset improvements (such as insulator replacements) to *also* be priority lines for VM, which is not the case. However, to this end, the VM work associated with the \$24 million increase is aligned with the PSP Targeted Vegetation Management Program activity rationale from the Energy Bureau "to maintain aggressive trimming cycles in tropical climates" and to rely on non-federal resources for vegetation management due to the delays in the federally funded "reset" initiatives. The focus of the increased funding will be to accelerate and address system stability and reliability issues associated with vegetation.

The highest priority VM clearing work currently is focused on the 115kV system, which, as of the time of the submission of the provisional rates on July 3rd and when these responses are being filed, LUMA has received no obligation of federal funds. The additional operational and maintenance (O&M) funding to be collected through provisional rates can complete emergency clearing on the 115kV system while continuing to maintain the expected miles on the 230kV that are already planned for FY2026. The plan for O&M-funded clearing will be thoughtfully balanced with federally-funded clearing work as these funds eventually become obligated. Federally funded clearing efforts on the 115kV system will take priority over emergency clearing with O&M funds. As this occurs, the additional O&M funding being requested will be redirected to the next level of priority of emergency clearing efforts which will be critical line segments within the 38kV system.

⁴ Energy Bureau Case No. NEPR MI 2024 0005, Order of 28 Mar 2025; <https://energias.pr.gov/wp-content/uploads/sites/7/2025/04/20250328-MI20240005-Resolution-and-Order.pdf>.

Rate Review

Responses for Information on Provisional Rates NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-004

SUBJECT

Vegetation Management (VM)

REQUEST

Fleet support for VM – Kevin Burgemeister Direct Testimony, Q-70. *Specify any Fleet Department expenses that directly support VM activities.*

RESPONSE

Fleet department expenses associated with Vegetation Management are limited to light-duty vehicles that are utilized by LUMA's internal resources such as arborists, field technicians, and management roles to support the need for completing routine inspections of rights-of-way. These inspections are essential for identifying work scopes and ensuring quality control of vegetation contractors. Vegetation work scopes are fully completed by contractors, who are responsible for supplying their own tools and equipment necessary to complete their assigned work, and LUMA has no responsibility for the management of the contractors' fleet.

The Provisional Rate request has no incremental funding associated with fleet resources related to vegetation management.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-005

SUBJECT

Vegetation Management (VM)

REQUEST

Federally funded VM “Reset” – Specify:

- a. *the present status of the federally funded Vegetation Management (VM) “Reset” program, whose estimated budget is roughly \$1.2 billion; and*
- b. *whether any spending under that program will occur during the provisional rate period.*

RESPONSE

a.

- In June 2023 the Vegetation Clearing Program strategy was designed and aligned with LUMA Leadership, breaking the program up into 36 projects by Region, Asset Type, and Environmental Sensitivity. As the program formulation has evolved through feedback from the Federal Emergency Management Agency (FEMA), several updates have been made to original assumptions (cost estimates, obligation timelines), and the program now includes a total of 58 projects.
- 16 additional projects (eight Transmission & eight Distribution Single Line vegetation clearing projects) were separated out from the larger regional projects in an effort to capture reliability priorities and help expedite the FEMA review and obligation process through more focused scopes.
- In June 2024, San Juan Group A, was the first project in the vegetation clearing program to be obligated and executed upon. The project cleared a total of 74 miles through January 2025, but was then forced to be put on hold due to a depletion of available working capital and the need to revise the project with FEMA with new cost estimates based on actuals to date.
- Four Distribution Group A High Density Projects were obligated in March 2025. All four projects are currently in the execution phase working through the first Working Capital Advance Tranche, with a total of 49 miles cleared to date.
- A summary of scope submittals and obligation status for all projects is provided in the table below:

Rate Review

Figure 5.-1. Project Scope Submittals and Obligation Status Summary

| Project Name/Group | Project Number | Status | Initially Submitted to FEMA | Number of Resubmissions | Date Resubmitted to FEMA | Obligated or Expected |
|------------------------------|---|---------------------------------------|-----------------------------|--------------------------------|--|---|
| San Juan Group A | 723853 | v0/1: Obligated v2: In FEMA review | 6/29/2023 | 7 (between v0/1 and 1 (for V2) | 12/19/2023 | v2: 8/30/2025 |
| High Density Group A | 727531; 728832; 728827; 727692; 727572 | 4 of 5 Obligated | 8/1/2023 | 11 | 11/15/2024 | 4 of 5: 4/28/2025; 1 of 5: 8/30/2025 |
| Low Density Group A | 750063; 750065; 750066; 750067; 750068 | FEMA Expert Review | 6/29/2023 | 11 | 11/22/2024 | 8/30/2025 |
| Group B 38 kV Transmission | 740406; 740408; 740409; 740410; 740411; 740414 | In COR3 Review | 8/18/2023 | 4 | 7/18/2025 (expected) | May 2026 |
| Group C Distribution | Pending FEMA FAASt numbers | Ready; Need Project Numbers | 8/1/2023 | 4 | 7/16/2025 (expected) | May 2026 |
| Group C 38 kV Transmission | 727530; 727562; 727540; 727694; 727558; 727691 | In COR3 Review | 8/1/2023 | 6 | 7/18/2025 (expected) | May 2026 |
| Group D 115 kV | 727529; 727657; 727659; 727606; 727522; 727608 | Submitted to FEMA | 8/18/2023 | 3 | 6/27/2025 | April 2026 |
| Group E Subs/Telecom | 741104; 741102; 741101; 741100; 741098; 741097 | LUMA Formulation | 12/8/2023 | 2 | 7/25/2025 (expected) | May 2026 |
| Group F 230 kV | 741105 | In Queue | 12/8/2023 | 2 | 7/11/2025 (expected) | May 2026 |
| Single Line Transmission (8) | 956357; 956356; 956353; 956349; 956348; 956345; 956343; 956342 | Submitted to FEMA | 6/6/2025 | 1 | 6/27/2025 (Into Project after FEMA provided FAASt numbers) | April 2026 |
| Single Line Distribution (8) | 956341; 956340; 956339; 956337; 956335; 956332; 956331; 956330 | Submitted FEMA | 6/6/2025 | 1 | 6/27/2025 (Into Project after FEMA provided FAASt numbers) | April 2026 |

a.

1. Assuming that by “provisional rate period”, that the Energy Bureau is referring to the Test Year, FY2026, then **yes**, work for this initiative will occur during this period.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-006

SUBJECT

Vegetation Management (VM)

REQUEST

Contract pricing –

- a. *Are the rates in LUMA's nonfederally funded VM contracts comparable to those FEMA approved?*
- b. *Supply copies of every vegetation-management (VM) contract—both federally funded and non-federally funded—that will be in effect during the provisional-rate period.*

RESPONSE

LUMA currently has 8 contracts established at multiple points in time to accomplish the scope of work related to vegetation maintenance and the federally funded vegetation clearing work. These contracts contain varied details, rates, and were all competitively procured through the standard LUMA procurement process and in compliance with LUMA's procurement manual, submitted as *Exhibit 15.02* to the rate case filing. LUMA assigns work across the contracts on a task order basis and monitors performance to promote cost effective completions of scope of work noting that higher rates with more efficient executions can yield comparable costs to lower rates and less efficient execution. LUMA also notes that these contracts have all been reviewed and approved by both Puerto Rico Public-Private Partnership Authority (P3A) and the Financial Oversight and Management Board of Puerto Rico (FOMB), but LUMA does not have knowledge of a specific "Federal Emergency Management Agency (FEMA) approval". Copies for all active contracts are attached for part B.

For the provisional rate period of FY2026 please find all active contracts provided as Attachment 1 of this response title *ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-006_Attachment 1*.

Rate Review

Responses for Information on Provisional Rates NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-007

SUBJECT

Vegetation Management (VM)

REQUEST

VM oversight mapping tool – *Does the provisional rate request include costs to develop a visual VM oversight map (similar to the Hosting Capacity map)? If so, detail the scope and budget.*

RESPONSE

The provisional rate request does not include costs to develop a visual vegetation management (VM) oversight map similar to the Hosting Capacity map.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-008

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Incremental NFC totals – A. Meléndez Direct Testimony, p. 66. *Confirm the requested incremental NFC amounts for FY 2026 above the Temporary Default Budget:*

- Distribution \$44.2 M • Transmission \$30.8 M • Substations \$44.4 M
- Wildfire Mitigation \$11.7 M • Telecom \$3.5 M • Grid Modernization \$4.0 M (total \$138.6 M).

RESPONSE

The requested incremental amounts for FY2026 above the temporary default budget are confirmed at \$135.1 million. This amount can be categorized into two main buckets: \$119.4 million allocated for System Stabilization projects; the remainder towards other high priority projects that are critical to the resiliency of the electric system. It is further noted that the revised request for transmission-related efforts is \$27.3 million.

Table 8-1. Incremental Amount for FY2026 – Temporary Default Budget

| Department | Project | Areas | Total |
|--|-------------------------------|---|---------|
| Capital Programs & Grid Transformation | System Stabilization Projects | Distribution | \$44.2 |
| | | Transmission | \$27.3 |
| | | Substations | \$44.4 |
| | | Telecom | \$3.5 |
| | Other Projects | Wildfire Mitigation Infrastructure Hardening | \$11.7 |
| | | Land Purchases for BESS (to fulfill stabilization order timeline) | \$4.0 |
| TOTAL | | | \$135.1 |

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-009

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Supply chain and labor constraints – *Explain how LUMA incorporated long leadtime equipment, limited on island labor, and contracting constraints when estimating the T&D NFC amounts.*

RESPONSE

LUMA's entire provisional rate request is a subset of the Optimal Budget. As described in the testimony of Alejandro Figueroa, submitted as Exhibit 1.0 in the July 3, 2025 rate review filing, LUMA's Optimal Budget was developed through a lens of executability, such that the plan as submitted is only what is executable. Therefore, the entire provisional rate request has been reviewed and confirmed by the LUMA team to be executable.

It is important to note that LUMA's transmission and distribution (T&D) nonfederal capital (NFC) funding, in particular for substation stabilization projects, is very much synchronized with the delivery schedules for critical long-lead materials to restore out of service, overloaded, and high-risk components of the system that are in poor condition that have been on order for some time. The projects included in the NFC plan are scheduled mainly with long lead-time materials that are already under contract and scheduled for delivery or in advanced phases of procurement and acquisitions, that allow the projects to execute reliably. LUMA's project plans do include labor planning based on on-island and available resources in conjunction with continued procurement efforts to expand qualified cost-effective resource availability. LUMA currently has contracts in place for several scopes including engineering, distribution, defined substation activities, and logistics, and has active procurements for additional scopes of work across transmission, substation, and distribution disciplines. To complement what is already in place, in the interim, LUMA leverages internal resources and expanded support from off-island through locally registered entities to maintain project progress across all scopes while further contracts are finalized. LUMA does note that in instances where contracting constraints limit incremental resources, the work management plan would expand the use of LUMA resources to perform activities in the NFC plan.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-010

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Implementation Capabilities – Detail the measures LUMA has taken—or will take—to ensure it can execute the higher capital spend implied by the requested NFC funding.

RESPONSE

To support the higher capital spend implied by the requested nonfederal capital (NFC) funding, LUMA has implemented a work management and execution readiness framework. This framework is designed to ensure that all projects are delivered efficiently on schedule, and in alignment with both funding availability and defined scope. The work management team plays a central role in this process by coordinating and scheduling all planned activities across the execution of resources. This includes proactively coordinating and prioritizing tasks based on project criticality and resource availability. This forward-looking approach minimizes delays, optimizes resource utilization, and ensures capital funds are deployed in a timely and effective manner, fully supporting our organizational goals and regulatory commitments.

Rate Review

Responses for Information on Provisional Rates NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-011

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Consistency with system plans and orders – *Show how the projects funded by the \$138.6 million request align with the Energy Bureau directives in Case NEPR-MI-2024-0005 (Electric System PSP).*

RESPONSE

The portion of the projects aligned with Case NEPR-MI-2024-005⁵ are discussed in *ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-01* & further detailed in the Excel table provided in *ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-02*. The \$119 million in system stabilization projects detailed in those responses are complemented by \$4 million for land acquisition which is necessary in the immediate term to enable execution of the four battery energy storage system (BESS) projects that the Energy Bureau requested to be completed in an 18-month timeframe in task 14 of the referenced order. These are complemented by \$11.8 million in wildfire mitigation efforts which includes \$2 million toward completion of the ongoing risk and vulnerability studies and \$9.8 million to begin implementation of the corrective measures identified as a result of these studies including the engineering and design of the mitigation measures to protect the substation and transmission stabilization equipment and efforts in accordance with Energy Bureau guidance in the Resolution and Order for NEPR-MI-2021-0004⁶.

⁵ *IN RE: Plan Prioritario para la Estabilización de la Red Eléctrica*, Docket No. NEPR-MI-2024-0005.

⁶ *In Re: LUMA Initial Budgets and Related Terms of Service*, Docket No. NEPR-MI-2021-0004.

Rate Review

Responses for Information on Provisional Rates NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-012

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Capital project list – *Provide a spreadsheet listing each capital project underpinning the provisional rate request, including: project name; budget for FY 2026–FY 2028; description; and cross reference to its location in the Electric System PSP.*

RESPONSE

For details on the capital projects supporting the provisional rate request, please refer to the spreadsheet provided titled “*ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-012_Attachment 1.*” This document includes a list of projects, specifically highlighting the FY2026 projects related to the Electric System Prioritization Stabilization Plan (PSP), which amount to \$71.7 million. Further information on these projects can be found in “*ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-002_Attachment 1.*”

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-013

SUBJECT

Transmission & Distribution (T&D)

REQUEST

Completion dates and reliability impacts – *For each NFC project included in the provisional rate, state the planned completion date and quantify the expected reliability benefit to the Puerto Rico grid.*

RESPONSE

The projects under the provisional rate were selected based on various factors, including improvements to system reliability. However, as mentioned in the testimony of Mr. Melendez, the provisional rate request is aimed largely at supporting system stabilization, wildfire mitigation, system hardening, and grid modernization initiatives. As such, the majority of projects are designed primarily to restore critical out of service components which will reduce the likelihood of large-scale outages and increase transmission and distribution (T&D) System flexibility more so than impacting daily reliability metrics such as system average interruption frequency index (SAIFI) and system average interruption duration index (SAIDI). However, the estimated aggregate impact across the proposed projects do include projected daily reliability benefits by reducing the System Average Interruption Duration Index (SAIDI) by approximately 10 minutes and improving the SAIFI up to 0.05 for the Puerto Rico electric system in FY2026.

ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-013_Attachment 1 provides detailed information on the anticipated completion dates, and highlights some of the projects with the largest expected impacts on the daily reliability of those proposed. While individual project timelines may vary due to implementation and execution factors, these projects are all critical to complete to support system stabilization and are anticipated to deliver meaningful improvements in overall grid reliability and resilience.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-014

SUBJECT

Fleet

REQUEST

Vehicle Procurements – LUMA Ex. 18.0, Q-71. *Supply a breakdown of vehicles to be procured under the provisional-rate rider, by category, in the same format as Ex. 18.0, Table 7.*

RESPONSE

LUMA has included \$3.8 million of nonfederal capital (NFC) and \$2.6 million of operational and maintenance (O&M) associated with increasing fleet complement through both the rental purchase option (RPO) process and direct purchase. The breakdown of vehicles to be procured is detailed in Table 14-1, below. Note that all vehicles in the RPO process, whether NFC buy-out or O&M purchase, are bucket trucks. The direct purchase is expected to buy up to 30 vehicles (depending on final pricing) which are mostly expected to be light-duty units. However, this may be adjusted depending on emergent needs.

Table 14-2. Vehicle Replacement and Augmentation Costs Summary

| Category | FY2026 |
|---|--------------|
| Bucket Trucks | 47 |
| Light Duty | 30 |
| TOTAL | 77 |
| Categorization of Replacements and Additions | |
| Direct Purchase | 30 |
| RPO Buy-Out | 17 |
| RPO Purchase | 30 |
| TOTAL | 77 |
| Monetization of Replacements and Additions (\$M) | |
| Direct Purchase | \$1.0 |
| RPO Buy-Out | \$2.8 |
| RPO Purchase | \$2.6 |
| TOTAL | \$6.4 |

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-015

SUBJECT

Facilities

REQUEST

Asphalt and demolition costs – LUMA Ex. 17.0, Q60. *Itemize the asphalt resurfacing and building demolition costs included in the provisional-rate rider.*

RESPONSE

The Facilities Department has rigorously employed both independent cost estimate (ICE) methodologies and comprehensive data derived from previously executed or formally quoted projects to formulate the budgetary projections for FY2026.

With respect to the demolition of properties, notwithstanding potential variances attributable to the physical dimensions and structural characteristics of the assets, the estimated demolition cost has been established at \$50,000 per iron-constructed property (warehouses, workshops, and similar structures) and \$300,000 per concrete-constructed property. These cost estimates are inclusive of all requisite preliminary studies, contractual arrangements with licensed contractors, and compliance actions mandated by applicable government agencies and regulatory bodies.

Concerning paving works, including the replacement of concrete flooring, reinforcement of existing, and the construction of new concrete slabs, a unit cost of \$150.00 per square meter has been adopted as the baseline figure. This unit rate is designed to encompass all associated expenses, including but not limited to, permit acquisition fees, removal and disposal of existing materials, and the application and finishing of new materials in accordance with relevant construction standards and regulatory requirements.

Rate Review

Responses for Information on Provisional Rates

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250712-PREB-PROV-016

SUBJECT

Facilities

REQUEST

HVAC retrofits/replacements – LUMA Ex. 17.0, Q-60. *For each HVAC system slated for retrofit or replacement: confirm whether it is currently inoperable, describe its status, and discuss the operational impact if the unit is not replaced in FY 2026.*

RESPONSE

The majority of heating, ventilation and air conditioning (HVAC) systems are currently operational; however, they cannot be deemed reliable for sustained operation due to the lack of appropriate preventive maintenance for years. These systems are in critical condition, resulting in frequent malfunctions, inadequate temperature and humidity control, and the proliferation of mold and other hazardous conditions that directly jeopardize the health and safety of our employees.

As example and to illustrate the current status of key facilities: (1) The Lucchetti building in Santurce, equipped with two chillers, is operating with only one chiller functioning at less than 80% capacity due to sustained damages; (2) at the Juan Ruiz Velez (JRV) building in Santurce, one of the two chillers is irreparably damaged and requires replacement to restore system redundancy and ensure continuous operation; and (3) at the La Torre building in Monacillo, housing the supervisory control and data acquisition (SCADA) data center—one of the institution's most critical data centers—only two out of three HVAC units are operating, resulting in temperature and humidity conditions that pose a direct risk to the electronic equipment, which represents a multimillion-dollar replacement value.

Between the Lucchetti and JRV buildings, LUMA is housing an operation of approximately 800 employees. If LUMA needs to evacuate these facilities due to HVAC failure, the operational impact would be incalculable. This is especially critical given that LUMA does not possess 800 vacant workstations to relocate personnel and ensure operational continuity. Furthermore, failure of the SCADA data center would trigger an immediate and catastrophic operational impact, as system operators would lose real-time visibility of the electrical grid, potentially causing outages across multiple regions of the island or a complete system failure.

Similar conditions prevail across the majority of institutional buildings, resulting in an unsuitable working environment that exposes employees to health risks, which in turn leads to increased absenteeism and adversely impacts daily operations.