

**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: Resolution and Order for Initial
FEMA Project Scope of Work for Line 8700
Costa Sur Power Plant to Garzas 2 HP –
Garzas 1 HP

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 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 ordered PREPA to submit the specific projects to the Energy Bureau at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency (“COR3”) and the Federal Emergency Management Agency (“FEMA”), and any other federal agency², and to continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.

On May 26, 2026, LUMA Energy, LLC, as operator of PREPA’s transmission and distribution system, filed a *Motion for Approval of the Line 8700 Costa Sur Power Plant – Garzas 1HP – Garzas 2HP FEMA Project Scope of Work (Initial)* (the “Initial SOW”). Through the Initial SOW, LUMA seeks authorization from the Energy Bureau to advance the project formulation process with COR3 and FEMA under DR-4339-PR Public Assistance for the restoration of Line 8700, connecting Costa Sur Power Plant, Garzas 1HP, and Garzas 2HP (the “Project”).

The Initial SOW identifies the Project as a restoration-to-codes-and-standards intended to repair, restore, or replace eligible transmission facilities and associated components under FEMA’s Public Assistance Alternative Procedures framework, including potential Section 406 hazard mitigation measures to be developed during preliminary design

II. Evaluation and Analysis

The Energy Bureau has reviewed the Initial SOW and supporting information submitted by LUMA.

A. Project Description and Scope

The Project concerns Line 8700, a 38 kV overhead transmission line in the Ponce Region consisting of approximately 7.7 miles of circuit between the Costa Sur Power Plant, Garzas 2 HP, and Garzas 1 HP. LUMA identifies the line as a near-term priority. The facilities included in the Project include structures and foundations, framing and insulators, load break

¹ Final Resolution and Order on the Puerto Rico Electric Power Authority’s Integrated Resource Plan, *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, p. 18-19.



switches, conductors, guy wires, anchoring, grounding assemblies, and related transmission components.

The scope of work contemplates the repair, restoration, or replacement of damaged elements and functionally interdependent non-damaged elements of the overhead portions of the line, as allowed by FEMA Public Assistance Alternative Procedures under Section 428. The Initial SOW states that transmission structures may require replacement where necessary to meet applicable codes and standards, and that the line will undergo modeling, field assessment, survey, and engineering review to validate the final repair and restoration scope.

For the Class 5 estimate and Initial SOW, LUMA assumes a full rebuild of TL8700 beginning at Costa Sur TC Breaker No. 8720 and continuing through Garzas 1. The assumed scope includes replacement of approximately sixty (60) structures, installation of 556.5 ACSS conductor and optical ground wire ("OPGW"), replacement of four (4) breakers at Costa Sur TC, Garzas 2, and Garzas 1, and replacement of miscellaneous associated components such as GOAB switches and substation protection equipment. LUMA further indicates that the rebuilt TL8700 may support a potential black start capability for the Costa Sur Power Plant.

B. FEMA Project Classification and Federal Review

The Initial SOW classifies the Project as "Restoration to Codes/Standards," meaning that the Project is intended to restore the pre-disaster function of the facility and incorporate applicable approved codes and standards. The Energy Bureau notes that architectural and engineering funding must further define the intended scope of work, and that a detailed scope of work may be submitted once preliminary design and engineering are completed.

The Energy Bureau further notes that FEMA, and other applicable federal and Commonwealth entities retain authority over eligibility, cost reasonableness, environmental and historic preservation review, obligation of funds, and any applicable conditions of award. The Energy Bureau's approval is limited to the regulatory authorization required for LUMA, as agent of PREPA, to proceed with submission and project formulation before COR3 and FEMA and does not constitute a FEMA eligibility or funding determination.

C. Cost Estimate and Mitigation Considerations

The Initial SOW presents a Class 5 project estimate, with an expected accuracy range of minus fifty percent (-50%) to plus one hundred percent (+100%) of the final project cost. The estimated budget for architectural and engineering design is \$4,873,900.00, and the estimated budget for procurement and construction is \$31,681,262.15, for a total estimated project budget of \$36,555,162.15.

LUMA also indicates that Section 406 hazard mitigation opportunities will be developed during the preliminary design phase. The costs associated with any Section 406 hazard mitigation proposal are unknown and remain subject to subsequent development, submission, review, and approval by FEMA.

III. Conclusion

After reviewing the Initial SOW, the Energy Bureau **DETERMINES** that the Project is intended to support the repair, restoration, and modernization of critical transmission infrastructure in a manner consistent with FEMA's Public Assistance Alternative Procedures, applicable codes and standards, and the Energy Bureau's oversight responsibilities under the Approved IRP and Modified Action Plan.



The Energy Bureau **APPROVES** the Initial SOW for Line 8700 Costa Sur Power Plant to Garzas 2 HP – Garzas 1 HP to authorize LUMA, as agent of PREPA, to submit and continue advancing the Project before FEMA for review, evaluation, formulation, and potential obligation under DR-4339-PR Public Assistance.


This approval does not constitute a determination by the Energy Bureau, or FEMA regarding final eligibility, allowability, scope approval, cost reasonableness, Section 406 hazard mitigation eligibility, environmental and historic preservation compliance, or obligation of federal funds. LUMA shall not commence construction work unless and until the required FEMA approvals, including applicable environmental and historic preservation clearance, have been obtained.

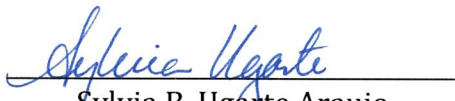
The Energy Bureau **REMINDS** LUMA it shall: (i) submit to the Energy Bureau a copy of any FEMA approval, obligation, or versioning determination for the Project within ten (10) days of receipt; (ii) inform the Energy Bureau of the actual contracted cost for construction within ten (10) days from execution of the relevant contract; (iii) inform the Energy Bureau of any material modification to the scope, cost estimate, Section 406 mitigation proposal, or FEMA project formulation status; and (iv) inform the Energy Bureau once the Project is completed.

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 57-2014, applicable Energy Bureau regulations, and any other sanctions 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

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 3, 2026. Chairman Edison Avilés Deliz did not intervene. I also certify that on June 3 2026 I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau and a copy was notified by electronic mail to regulatory@genera-pr.com, legal@genera-pr.com, jfernandez@ecija.com, eramos@ecija.com; jdiaz@ecija.com, sromero@ecija.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; alejandro.figueroara@lumapr.com; Yahaira.delarosa@us.dlapiper.com; Emmanuel.porrogonzalez@us.dlapiper.com.

I sign this in San Juan, Puerto Rico, today June 3 2026.




Sonia Seda Gaztambide
Clerk

Attachment A
Projects Approved by the Energy Bureau

SOW	Category	LUMA Project Name	Feeder/Lines	Voltage	Class 5 Cost Estimate (\$M)	Comments
1	Transmission	Line 8700 Costa Sur Power Plant to Garzas 2 HP – Garzas 1 HP	TL 8700	38kV	\$36,555,162.15 - A&E: \$4,873,900.00 - Construction: \$31,681,262.15	Approved as Requested

