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:** FEMA Revised Consolidated Project Plan.

RESOLUTION AND ORDER

I. Introduction and background

On August 8, 2025, the Puerto Rico Electric Power Authority ("PREPA") submitted to the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") the Consolidated FEMA Accelerated Award Strategy ("FAASt") Project Plan ("Consolidated Project List") for the Energy Bureau's information and consideration. The Consolidated Project List reflected a revised framework for the allocation of Federal Emergency Management Agency ("FEMA") Section 428 funding among PREPA, LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as "LUMA"), and Genera PR LLC ("Genera").

As part of its review, the Energy Bureau identified that LUMA's transmission and distribution ("T&D") portfolio had been materially affected by the Consolidated Project List because the number of active T&D projects had been reduced from 571 to 282, leaving 289 T&D projects designated as inactive and approximately $402 million in incurred costs associated with the inactive T&D portfolio.

On February 5, 2026, the Energy Bureau issued a Resolution and Order ("February 5 Resolution") establishing an Updated Allocation Framework to address priority inactive T&D projects. Among other determinations, the Energy Bureau identified T&D projects that should be resubmitted to FEMA for reactivation using the reserved funding identified in the Consolidated Project List.

The February 5 Resolution also required LUMA to submit an implementation plan identifying potential duplication of funding between child projects and Global Equipment and Materials Project Worksheets, applicable Section 406 mitigation adjustments, additional T&D damages not included in the inactive portfolio, and the schedule required to complete the corresponding reconciliation actions.

On February 11, 2026, the Energy Bureau issued a Resolution and Order ("February 11 Resolution") modifying Attachment A to the February 5 Resolution to prioritize projects with greater incurred costs. The Energy Bureau ordered PREPA to amend the Consolidated Project List to incorporate the projects identified in the revised Attachment A.

On March 2, 2026, LUMA filed a *Motion Submitting LUMA's Implementation Plan in Compliance with Resolutions and Orders of February 5 and February 11, 2026*. Among the supporting exhibits, LUMA submitted a FEMA Project Reconciliation spreadsheet containing expected costs for projects in the Consolidated Project List and Attachment A, including identified cost duplication, overlaps, and Section 406-related adjustments.

On May 14, 2026, LUMA filed a *Motion Submitting LUMA's Adjusted Consolidated List, Proposed Attachment A, and Attachment B (Streetlights Projects)* ("May 14 Motion"). LUMA submitted an updated Consolidated Project List to correct data-input and formula errors in its prior submission. LUMA also submitted a proposed Attachment A and a proposed

Attachment B containing additional streetlight projects. LUMA represented that removing the undergrounding scope from seventeen obligated streetlight projects could generate approximately $143 million in funding capacity for additional streetlight projects.

On May 22, 2026, LUMA filed a *Motion Submitting LUMA's Attachment C—Global E&M Amendment* ("May 22 Motion"). LUMA proposed reducing the allocation associated with the Global Equipment and Materials Project Worksheet ("Global E&M") by approximately $500 million, from approximately $1.66 billion to approximately $1.16 billion, to align that allocation with existing contractual commitments. LUMA proposed using the resulting funding capacity to activate or reactivate additional T&D projects identified in Attachment C.

On June 18, 2026, the Energy Bureau issued a Resolution and Order ("June 18 Resolution") approving LUMA's proposed Attachment A, as modified by the Energy Bureau ("Modified Attachment A"). The Energy Bureau ordered the projects included in Modified Attachment A to be incorporated into the Consolidated Project List for continued FEMA and Central Office for Recovery, Reconstruction and Resiliency ("COR3") processing. Modified Attachment A included 101 projects representing approximately $1.5 billion in federal funding including sections 428 and 406, respectively.

The Energy Bureau did not approve the remaining projects included in Attachments B and C. Instead, the Energy Bureau authorized LUMA to commence the FEMA versioning actions associated with the removal of undergrounding scope from the applicable obligated streetlight projects and to commence the reconciliation and amendment process associated with the proposed $500 million reduction to the Global E&M allocation.

The June 18 Resolution ordered LUMA to file, on or before July 15, 2026, an informative motion including, among other information:

1. A project-by-project status update for projects included in Modified Attachment A;
2. Identification of each versioning, reconciliation, amendment, or funding adjustment submitted to FEMA or COR3;
3. The amount of funding capacity identified or expected to become available;
4. Work plans and schedules for the streetlight versioning actions and the Global E&M reconciliation;
5. Identification of any remaining funding gap or pending FEMA or COR3 action; and
6. A list of all inactive projects with updated costs, funding components, incurred costs, and priority rankings.

On July 10, 2026, LUMA filed a *Motion for Extension of Time to Submit the List of All Inactive Projects with Updated Cost Estimates in Compliance with the June 18, 2026, Resolution and Order* ("July 10 Motion"). LUMA requested an extension until August 17, 2026, solely to submit the required list of inactive projects.

On July 15, 2026, LUMA filed a document titled *Submittal of LUMA's Report in Partial Compliance with the June 18, 2026, Resolution and Order* ("July 15 Motion"). LUMA submitted:
1. LUMA's Report in Compliance with the June 18 Resolution;
2. An Attachment A Activation Update providing a project-by-project status report; and
3. A list and work plan for the distribution of streetlight projects to be versioned.

On July 20, 2026, the Energy Bureau granted LUMA's requested extension until August 17, 2026, solely for the submission of the List of Inactive Projects ("July 20 Resolution"). All other directives, requirements, and deadlines established in the June 18 Resolution remained unchanged and in full force and effect.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

The Energy Bureau now addresses LUMA's July 15 Motion, LUMA's request to include three additional projects in the Modified Attachment A and the Consolidated Project List, and the need to establish additional project and portfolio cost controls.

II. Discussion

LUMA's July 15 Motion

Through the July 15 Motion, LUMA submitted information about the implementation of Modified Attachment A, the status of submissions to FEMA and COR3, the expected funding capacity for the approved projects, the planned versioning of obligated streetlight projects, and the proposed reconciliation of the Global E&M allocation.

LUMA represented that, before the June 18 Resolution, thirty-five of the 101 projects approved through Modified Attachment A had been activated or reactivated. LUMA further represented that, on July 5, 2026, PREPA formally endorsed the remaining projects and updated the Consolidated Project List, thereby allowing those projects to continue through the FEMA process.

LUMA also stated that, as of the July 15 Motion, it had not identified a funding gap that would prevent the implementation of Modified Attachment A. LUMA nevertheless indicated that it would continue coordinating with PREPA, COR3, and FEMA to formulate the projects and refine their cost allocations.

Regarding the proposed Global E&M reconciliation, LUMA submitted a work plan that anticipates preparation of the amendment, review by COR3, and subsequent submission to FEMA. LUMA's schedule reflects an anticipated submission to COR3 in December 2026 and a potential submission to FEMA in January 2027.

Request to Include Three Substation Component Replacement Projects

In Section 8.0 of its Exhibit 1, LUMA requested approval to include three Substation Component Replacement projects that were previously included in Attachment C:[1]

1. Juncos TC Substation Component Replacement;
2. Aguas Buenas Substation Component Replacement; and
3. Veredas Sector Substation Component Replacement.

LUMA represented that transformers associated with these projects are scheduled to arrive on or around October 15, 2026. LUMA stated that waiting until completion of the proposed Global E&M amendment would delay FEMA formulation and could prevent timely processing of the projects.

LUMA therefore requested that the three projects be moved from Attachment C to Modified Attachment A and immediately incorporated into the Consolidated Project List. According to LUMA, the projects require $23,517,826.67 in Section 428 funding.[2]

The Energy Bureau **DETERMINES REASONABLE** the inclusion of the Juncos TC, Aguas Buenas, and Veredas Sector Substation Component Replacement projects in Modified Attachment A and the Consolidated Project List. The reported delivery schedule for the transformers supports timely initiation of FEMA project formulation, FAASt project-number assignment, eligibility review, equipment purchase, and other required processing.

[1] July 15 Motion, Exhibit 1, Section 8, p. 6.

[2] *Id.*

Including the projects in the Consolidated Project List does not constitute a final determination regarding FEMA eligibility, scope, cost reasonableness, cost allowability, obligation, reimbursement, environmental and historic preservation compliance, procurement compliance, or any other federal requirement.

The Energy Bureau further **CLARIFIES** that approval of these projects does not authorize LUMA to increase the aggregate amount previously approved for the LUMA Consolidated Project List. The three projects must be accommodated within the approved funding framework.

Consolidated Project List Cost Controls

The Energy Bureau has previously approved projects for inclusion in the Consolidated Project List based on project costs and funding allocations presented by LUMA and evaluated as part of the Updated Allocation Framework.

The Energy Bureau recognizes that project costs may continue to be refined during FEMA formulation, design, procurement, versioning, reconciliation, and cost-reasonableness review. Such refinements may result in increases or decreases in individual project costs as scopes mature and additional information becomes available.

Accordingly, the project costs presented by LUMA and approved by the Energy Bureau shall serve as the approved cost baselines for purposes of regulatory oversight and portfolio monitoring. The aggregate amount approved by the Energy Bureau for LUMA projects included in the Consolidated Project List shall constitute the maximum portfolio-level funding authorization.

No increase to the aggregate amount approved for the Consolidated Project List (this includes the approved modified Attachment A) is authorized through this Resolution and Order. LUMA shall manage project-level cost increases, savings, underruns, reconciliations, and other adjustments within the existing aggregate amount approved by the Energy Bureau.

Nothing herein limits FEMA's or COR3's authority to evaluate project eligibility, allowability, scope, cost reasonableness, obligation, amendment, or versioning under applicable federal requirements.

The Energy Bureau recognizes that, during the ordinary course of project development and execution, individual projects may experience cost increases while other projects may experience savings, underruns, scope reductions, increases in Section 406 hazard mitigation funding, elimination of duplicative costs, reductions in Global Project Worksheet allocations, or other funding adjustments. Such project-level changes shall not, by themselves, require prior Energy Bureau approval, provided that they do not increase the aggregate amount approved by the Energy Bureau for the Consolidated Project List and do not require the use of ratepayer or other non-federal funding not previously authorized by the Energy Bureau.

Therefore, whenever LUMA requests Energy Bureau approval to activate, reactivate, add, or otherwise incorporate an additional project into the Consolidated Project List, LUMA shall submit an updated portfolio-level reconciliation demonstrating that sufficient funding capacity exists within the aggregate amount previously approved by the Energy Bureau.

Such reconciliation may rely on documented or reasonably supported savings or underruns from other approved projects, Section 406 hazard mitigation reconciliations, elimination of duplication between child projects and Global Project Worksheets, reductions or amendments to Global A&E or E&M allocations, approved scope reductions, or other

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

specifically identified funding adjustments that do not increase the aggregate amount approved by the Energy Bureau.

The Energy Bureau will evaluate any request to activate, reactivate, add, or incorporate an additional project based on the updated portfolio information submitted by LUMA and shall determine whether sufficient funding capacity exists within the previously approved aggregate amount to support the requested project.

Nothing in this Resolution and Order shall be construed as authorizing LUMA to increase the aggregate amount approved for the Consolidated Project List. Any request to increase such aggregate amount, use additional ratepayer or non-federal funding, or otherwise expand the total funding authorization shall require prior approval from the Energy Bureau.

Consolidated Project Cost Report

The information included in the May 14 Motion as Exhibit 2 does not provide a complete comparison between the approved cost of each project in the Consolidated Project List and LUMA's current projected cost for that project.

The Energy Bureau has already evaluated the aggregate amount of the Consolidated Project List based on the project costs and funding information submitted by LUMA. To provide ongoing oversight of the management of the Consolidated Project List, the Energy Bureau will require LUMA to submit a monthly report identifying, for each approved project, the Energy Bureau-approved cost baseline, current projected cost, projected overrun or underrun, applicable Section 428 and Section 406 funding, and any material reconciliation or adjustment affecting the project.

This reporting requirement is intended to allow the Energy Bureau to monitor LUMA's management of the portfolio and shall not require prior Energy Bureau approval of individual project-level cost variances.

The Consolidated Project Cost Report shall be submitted in native Excel format, with all formulas, links, assumptions, and calculations visible and functional. LUMA shall also submit a PDF version of the report and a narrative explaining any material variances and funding adjustments.

III. Determination

After reviewing LUMA's July 15 Motion, the Energy Bureau **ACKNOWLEDGES** receipt of the information submitted and determines that it remains under evaluation. LUMA has partially complied with the June 18 Resolution and Order. Full compliance remains pending submission of the List of Inactive Projects on or before August 17, 2026.

The Energy Bureau further **ORDERS** that the Juncos TC, Aguas Buenas, and Veredas Sector Substation Component Replacement projects be incorporated into the Consolidated Project List.

The Energy Bureau also **DETERMINES** that the total aggregate amount approved for the Consolidated Project List (under May 14 Motion, exhibit 2, and Modified Attachment A) shall constitute the maximum amount authorized for the portfolio. No increase to the aggregate amount approved for the Consolidated Project List is authorized through this Resolution and Order.

LUMA may manage project-level cost increases, savings, underruns, reconciliations, and other funding adjustments within the approved aggregate portfolio amount. However, LUMA may not exceed the aggregate amount approved by the Energy Bureau without prior authorization.

To maintain oversight of the management of the approved portfolio, LUMA **SHALL** submit the Consolidated Project Cost Report required herein and **SHALL** demonstrate sufficient funding capacity within the approved aggregate amount whenever it seeks approval to activate, reactivate, add, or otherwise incorporate an additional project into the Consolidated Project List.

IV. Order

The Energy Bureau makes the following determinations:

I. **ACKNOWLEDGES** receipt of LUMA's July 15 Motion and **DEEMS** LUMA in partial compliance with the June 18 Resolution and Order.

II. **APPROVES** the inclusion of the Juncos TC, Aguas Buenas, and Veredas Sector Substation Component Replacement projects to be incorporated to the Consolidated Project List.

III. **ORDERS** PREPA and LUMA to take the actions necessary to process and submit to FEMA and COR3 the three projects, Juncos TC, Aguas Buenas, and Veredas Sector Substation Component Replacement projects, which are now included in the updated Consolidated Project List.

IV. **DETERMINES** that the total amount approved for the Consolidated Project List constitutes an aggregate portfolio ceiling.

V. **PROHIBITS** LUMA from exceeding any approved aggregate portfolio ceiling without prior Energy Bureau approval.

VI. **ORDERS** LUMA, to submit by the 10th of each month, an updated list of all projects in the Consolidated Project List identifying the approved cost (including E&M and A&E Global PWs), FEMA obligated cost, current projected cost, and any projected overrun or underrun.

VII. **ORDERS** LUMA, whenever it seeks approval to activate, reactivate, add, or otherwise incorporate an additional project into the Consolidated Project List, to demonstrate that sufficient funding capacity exists within the aggregate amount previously approved by the Energy Bureau, including identification of any applicable savings, underruns, Section 406 funding, or reductions or reconciliations of Global Project Worksheet allocations.

VIII. **REAFFIRMS** that all other directives in the June 18 and July 20 Resolutions and Orders remain in full force and effect.

Be it notified and published.

Edison Avilés Deliz
Chairman

Lillian Mateo Santos
Associate Commissioner

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on August 11, 2026. I also certify that on August 12, 2026. I proceeded with filing the Resolution 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, on August 12, 2026.

Sonia Seda Gaztambide
Clerk

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO