



GOVERNMENT OF PUERTO RICO  
CENTRAL OFFICE FOR RECOVERY,  
RECONSTRUCTION AND RESILIENCY

Hon. Pedro R. Pierluisi Urrutia  
Governor

Manuel A.J. Laboy Rivera  
Governor's Authorized  
Representative

August 11, 2023

José G. Baquero  
Federal Disaster Recovery Coordinator  
Joint Recovery Office Director of Puerto Rico  
Federal Emergency Management Agency  
GFR Media Building  
PR-165 Buchanan Sector Industrial Park  
Guaynabo, PR 00908

**Re: Puerto Rico Electric Power Authority  
LUMA's Performance of Federally Funded Work**

Dear Mr. Baquero:

On February 15, 2023, the Central Office for Recovery, Reconstruction, and Resiliency ("COR3") sent a letter to the Federal Emergency Management Agency (FEMA) regarding the status of the administrative requirements implemented for LUMA Energy, LLC and LUMA Energy ServCo, LLC's (hereinafter collectively referred to as "LUMA") Procured and Self-Performed Public Assistance work. COR3 informed, among other things, that LUMA would request authorization from the Public and Private Partnership Authority (P3A) to self-perform work and certify that the scope of work ("SOW") did not fall within LUMA's operations and maintenance activities under the Transmission and Distribution Operation and Maintenance Agreement ("O&M Agreement").

After multiple meetings, the parties developed a form to be submitted by LUMA to P3A requesting authorization for certain type of self-performed work. (See Attachment No. 1). In the form, LUMA must state the projects for which it intends to self-perform work, the SOW, and an estimate of work to be self-performed. LUMA must also provide an explanation of the importance of self-performing the work and as requested by FEMA, certify that such work does not fall within its daily operation and maintenance obligations under the O&M Agreement. Furthermore, the parties prepared a separate document outlining the type of work that will only require prior notification (as it aligns with normal utility force account/self-performed scopes of work to be performed by LUMA internal force account labor) versus the work that will require P3A's prior authorization. (See Attachment No. 2).

**COR**

Based on the foregoing, P3A and COR3 hereby inform FEMA that the administrative requirements related to LUMA's self-performed work and related authorization procedures have been agreed upon.

Should you have any questions we are available to meet at your earliest convenience. Thank you in advance for your consideration and support of Puerto Rico's recovery efforts.

Cordially,



Manuel A.J. Laboy Rivera, PE, MBA  
Executive Director  
Governor's Authorized Representative

c: Administrator

Attention: Fermín E. Fontanés Gómez

***Via Electronic Mail***

[Date]

Mr. Fermín E. Fontanés-Gómez  
Executive Director  
Puerto Rico Public-Private Partnerships Authority (P3)  
Roberto Sánchez Vilella (Minillas) Government Center  
De Diego Ave. Stop 22, San Juan PR 00907

**Re: Request for Authorization for Self-Performed Work**

Dear Mr. Fontanés,

I am writing to request P3's approval for LUMA Energy, LLC (LUMA) to execute the following federally funded obligated construction<sup>1</sup> projects with its workforce<sup>2</sup>:

FEMA Project Number/DI/PW #	Project Name/Scope of Work	Overall Project Estimate	Estimated Work*
* Mostly Contracted Work (MCW) = More than 65% of the work is procured/contracted (excluding management and oversight) A mixture of Contracted Work (CW) vs LUMA Self-Performed Work (SPW) = Between 50/50% and 65/35% (excluding management and oversight) Mostly Self-Performed Work (MSPW) = More than 65% of the work is performed by LUMA (excluding management and oversight)			

It is important to point out that the work<sup>3</sup> to be performed is [urgent and/or pertains to critical construction projects for which LUMA's experienced workforce would be more

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<sup>1</sup> Please see attached "Self-Performed Work Authorization Criteria" document, which describes: (i) federally obligated complex construction projects that require P3's authorization for self-performance; and (ii) federally obligated replacement and repair projects that require LUMA to notify P3 where it intends to self-perform prior to the performance of work.

<sup>2</sup> For the avoidance of doubt, in the performance of self-performed work, LUMA may use its internal Force Account Labor, which may include a blend of LUMA seconded employees. However, LUMA shall provide to the P3 an estimate of the total internal Force Account Labor vs LUMA seconded workforce.

<sup>3</sup> For the avoidance of doubt, the "work" here, for which P3's authorization is required, excludes non-construction work (e.g. supervisory, non-construction project management, administrative work, etc.) related to the specified project(s). However, it is important to note that all project related work must be

efficient, practical, and cost effective than hiring a contractor]. [Provide a brief explanation of the importance of performing the work].

Furthermore, considering the urgency and/or critical nature of the project/work, the current state of the system, and the commitment to develop Puerto Rico's future workforce, it is crucial for LUMA's workforce to execute the work. Moreover, as required, LUMA has performed or will perform a cost analysis for the projects listed above. This supports that self-performing the work is, in effect, more efficient, cost reasonable, and practical than contracting out the work. LUMA will sign and submit a federal clauses certification confirming it has complied with all applicable contract provisions for non-federal contracts under federal awards.

Finally, in accordance with FEMA's requirements, LUMA hereby certifies that the work to be self-performed does not fall within its daily operations and maintenance obligations under the Transmission and Distribution Operation and Maintenance Agreement.

Considering the urgency of the system rebuild, P3 shall respond as promptly as possible in all cases.

If you require any further information, please do not hesitate to contact me.

Sincerely,

[Signature]  
[Name]  
[Position]

Cc:

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Acknowledgement and Concurrence:

[Signature]  
[Name]  
[Position]

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tracked by project and invoiced accordingly. This includes each of the project's project management costs, architectural and engineering work, and actual construction work.

## Self-Performed Work Authorization Criteria

FEMA Public Assistance obligated and eligible replacement and repair projects: **Prior Notification required\*\*\*:**

- Pole/conductor replacements<sup>1</sup>
- Structure replacements
- Hardware/Insulator replacements
- Streetlights<sup>2</sup>
- Substation/feeder/line minor repairs
- Communication Network/Grid automation
- Equipment Replacements
- Civil work to support projects<sup>3</sup>
- Low-voltage work
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\*\*\*Note: **No prior authorization is required** as this work aligns with normal Utility Force Account/Self-performed scopes of work to be performed by LUMA internal Force Account Labor.

\*\*\*Only the preceding type of work shall be considered previously authorized by P3A. However, LUMA is required to notify P3A of the projects where it expects to use self-performed work to support the federally funded reconstruction efforts, prior to the performance of said work. Any project expected to be mostly performed by LUMA's workforce and not included in this list shall require authorization by the P3A.

FEMA Public Assistance obligated and eligible complex construction projects: **Authorization required:**

- Feeder rebuilds/new installations
- Line rebuilds/new installations
- Substation/TC major rebuilds
- Substation/TC relocations
- Substation/TC new installations

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<sup>1</sup> Pole/Conductor, Structure, Hardware/Insulator replacement projects align with current obligated Scopes of Work ("SOWs"), and targeted replacements identified as a priority to maintain system stability and reliability in support of larger and more complex full line and feeder rebuilds with much longer project formulation and construction timelines.

<sup>2</sup> Streetlighting refers to an island-wide program which will be mostly contracted out. LUMA self-performed work would include a portion of streetlight replacements in support of the overall program as well as addressing any areas identified as a priority to maintain public safety, health, and security.

<sup>3</sup> Civil work refers to site work, such as access road clearing and establishment, excavation, foundation work, and other similar actions to support the projects on the T&D system.

- Communication network rebuilds/upgrades

- **General Assumptions:**

- Each quarter, as part of the 90 Day Plan submission, LUMA will identify and track any federally funded projects where it expects to self-perform work to support the reconstruction, and LUMA will submit the same to P3A prior to the performance or execution of the work, regardless of the type of work, and regardless of whether the work requires P3A's authorization.
- P3A maintains the right to request any additional information from LUMA regarding any of the work that will be, or has been, self-performed by LUMA, regardless of whether it requires prior P3A authorization.
- When reporting completed work to FEMA and relevant stakeholders utilizing existing processes established as part of the request for reimbursement, LUMA will specify where it used its force account labor.
- The work to be self-performed shall not fall within LUMA's daily operations and maintenance obligations under the Transmission and Distribution Operation and Maintenance Agreement.
- For the avoidance of doubt, in the performance of self-performed work, LUMA may use its internal Force Account Labor which may include a blend of LUMA seconded employees. However, LUMA shall provide to the P3A an estimate of the total internal Force Account Labor vs LUMA seconded workforce.
- LUMA will be available to provide more detail regarding the scope of work for large complex projects, post-obligation, as the design and work plan is developed.
- Regardless of the type of work, when LUMA self-performs any federally funded work, it must ensure compliance with 2 C.F.R. Part 200, Subpart E (cost principles) and perform a cost analysis of the self-performed work.