

June 30, 2025

**To: Puerto Rico Electric Power Authority**

Attention: Eng. Mary C. Zapata Acosta

Executive Director

PO Box 364267

San Juan, Puerto Rico 00936-4267

**RE: LUMA's Response to PREPA's Letter - Vegetation HMP Sub-FAASt Projects**

Dear Executive Director Zapata:

We acknowledge receipt of the Puerto Rico Electric Power Authority's ("PREPA") letter dated May 7, 2025 ("May 7<sup>th</sup> Letter"), regarding various Federal Emergency Management Agency ("FEMA") Accelerated Award Strategy ("FAASt") Vegetation hazard mitigation proposal ("HMP") Projects (the "Vegetation HMP Sub-FAASt Projects").

On March 24, 2025, FEMA issued the *FEMA-4339-DR-PR Public Assistance PREPA FAASt Post-Fixed Cost Estimate Obligation Vegetation HMP Approach: Distribution*. It consists of a one-time, island-wide vegetation clearing and removal operation intended to mitigate the threat that the existing vegetation poses to Puerto Rico's electric Transmission and Distribution System ("T&D System"). In its report, FEMA validated and approved a revised cost analysis of \$130,534.15 per mile for vegetation clearing and removal, superseding the \$91,677.87 per mile figure approved on its report dated January 28, 2025.

In the May 7<sup>th</sup> Letter, PREPA seeks to limit LUMA's vegetation clearing activity expenses at \$91,677.87 per mile, contrary to FEMA's March 24<sup>th</sup> revised validation and approval of \$130,534.15. These expenditures are critical to stabilizing Puerto Rico's Electric Grid System and to executing the Vegetation HMP Sub-FAASt Projects on schedule.

It is important to note that under the Puerto Rico Transmission and Distribution Operation and Maintenance Agreement ("T&D OMA"),<sup>1</sup> PREPA lacks authority to unilaterally impose such a cap on expenses for vegetation clearing activities. The T&D OMA assigns LUMA autonomy to undertake vegetation management activities in accordance with Prudent Utility Practice and Applicable Law, which necessarily includes the management of associated expenses.<sup>2</sup> Moreover, under the comprehensive delegation of PREPA's rights in T&D OMA's Section 5.1, LUMA is entitled to "exercise all the rights and perform the responsibilities of Owner" necessary to provide Operation and Maintenance Services ("O&M Services") and enjoys "the autonomy and responsibility to operate and maintain the Transmission and Distribution System ("T&D System") and establish the related plans,

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<sup>1</sup> The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement executed on June 22, 2020, by and amongst the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

<sup>2</sup> See, T&D OMA Annex I, § II(A)(10).



policies, procedures and programs". Limiting LUMA's vegetation management spending would also breach PREPA's affirmative duties under Section 6.1 of the T&D OMA.

Any unilateral attempt by PREPA to impose a cap on vegetation management spending also violates the T&D OMA by breaching PREPA's duty to cooperate with Operator and ensure that budgets and funds for all Operation and Maintenance Services are sufficient to meet the Contract Standards.<sup>3</sup> PREPA's position limiting LUMA's ability to seek and deploy FEMA funding contradicts the cooperative framework established in the T&D OMA, which obliges PREPA, the Puerto Rico Public-Private Partnership Authority and LUMA to cooperate in good faith to help seek, procure, administer, manage, deploy and apply any Federal Funding for the restoration of the T&D System and related costs.<sup>4</sup>

LUMA remains steadfast in its commitment to providing a safe, reliable, and efficient electric service for Puerto Rico. Should you have any further questions or require additional information, please do not hesitate to contact us.

Sincerely,



**Andrew Smith**

Acting President and Chief Executive Officer

cc: Josué A. Colón Ortiz, Executive Director, P3A; [josue.colon@p3.pr.gov](mailto:josue.colon@p3.pr.gov)  
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<sup>3</sup> See, T&D OMA § 6.1(a)(iv).

<sup>4</sup> See, T&D OMA § 5.9(b).