

ONE HUNDRED SEVENTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

September 27, 2022

Mr. Wayne Stensby
President & Chief Executive Officer
LUMA Energy, LLC
644 Fernandez Juncos Ave.
Suite 301
San Juan, PR 00907

Dear Mr. Stensby:

We write with grave concern regarding the island-wide power outage in Puerto Rico following Hurricane Fiona, which left roughly 1.5 million of your customers without electricity.¹ In June 2021, your company, LUMA Energy, became Puerto Rico's exclusive electric transmission and distribution operator.² But ongoing outages and the complete disruption of power following Hurricane Fiona amplify concerns that LUMA has failed to adequately develop and maintain crucial electrical infrastructure in Puerto Rico despite its lucrative 15-year contract.

Our concerns about LUMA predate the current blackout. Since LUMA assumed control of the grid in 2021, Puerto Ricans have reported recurring power surges that have interfered with critical medical care, disrupted access to education, and destroyed property.³ In exchange for this inadequate service, Puerto Ricans spend an increasingly disproportionate share of their income on electricity: the average citizen in mainland United States spends 2.4 percent of their income on electricity whereas Puerto Ricans spend 8 percent of theirs.⁴

¹ *Puerto Rico Power Grid no Match for Fiona; Residents Unsurprised*, Reuters (Sept. 20, 2022); *Puerto Rico Re-Examines Plan to Fix Power Grid as Fiona Cuts Electricity*, Wall Street Journal (Sept. 19, 2022).

² *Private Company Takes Over Puerto Rico Power Utility Service*, Associated Press (June 1, 2021); Puerto Rico Public-Private Partnerships Authority, *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement* (June 22, 2020) (<https://www.p3.pr.gov/wp-content/uploads/2020/06/executed-consolidated-om-agreement-td.pdf>).

³ *'LUMA, Get Out': Puerto Ricans Clash With Police in Protests Against Power Company*, Gizmodo (Sept. 2, 2022).

⁴ Institute for Energy Economics and Financial Analysis, *Latest Puerto Rico Plan For Electric Grid Is a Step In the Wrong Direction* (July 14, 2022) (<https://ieefa.org/resources/latest-puerto-rico-plan-electric-grid-step-wrong-direction>).

There was never a doubt that rebuilding infrastructure following Hurricane Maria would be a challenge, but LUMA has been richly compensated to meet that challenge. Yet, results are not being delivered to Puerto Ricans, who deserve reliable and affordable energy. The collapse of the electric grid in the aftermath of Hurricane Fiona is just the latest example of such failures.

In order to bring much-needed transparency to LUMA's activities, we request information regarding how LUMA is allocating its contract money and why the company had not adequately prepared the island's energy infrastructure to withstand a Category One hurricane. Please provide responses to the following by October 11, 2022:

1. Describe the amount of funding that your company has received annually through its contract with the Puerto Rico Electric Power Authority (PREPA). In providing your response, please break out contract revenue both annually and by category, such as annual fees, incentive fees, or any other revenue-generating provisions of the contract.
2. Provide a description of the reliability benchmarks under the contract with PREPA, including your company's progress to date in meeting each of those benchmarks.
3. For each of the seven rate increases that your company has implemented since June 2021, please explain:
 - a. the rationale for each increase;
 - b. the amount of increased revenue generated by each increase; and
 - c. whether and how LUMA has reinvested that revenue in measures to improve electric reliability.
4. Describe any grid resilience measures or other preparation efforts made in advance of Hurricane Fiona and LUMA's present understanding of the efficacy of those efforts.
5. Provide the dates by which you anticipate that:
 - a. 50 percent of your customers will have power restored;
 - b. 75 percent of your customers will have power restored; and
 - c. 100 percent of your customers will have power restored.
6. Summarize any grid resilience technologies currently utilized by LUMA (*e.g.*, energy storage, microgrids, etc.) and any plans to implement additional technologies.
7. Describe any changes that have been made to LUMA's investments and strategy going forward as a result of the grid's performance during and after Hurricane Fiona.

8. Describe any infrastructure investments that LUMA made to facilitate the interconnection of renewable energy to the grid, including rooftop solar maintained by individual customers or communities.

In addition, we request a briefing for Committee staff by October 14, 2022, to receive a detailed update on LUMA's progress in restoring power to Puerto Rican customers and to better understand LUMA's overall performance under its contract and its plans to mitigate harm to Puerto Ricans in future disasters.

We appreciate your urgent attention to this matter. Please contact Will McAuliffe or Tyler O'Connor with the Committee staff at (202) 225-2927 for any questions regarding your response and to schedule a briefing.

Sincerely,



Frank Pallone, Jr.
Chairman



Bobby L. Rush
Chairman
Subcommittee on Energy



Diana DeGette
Chair
Subcommittee on Oversight
and Investigations

cc: The Honorable Cathy McMorris Rodgers
Ranking Member

The Honorable Fred Upton
Ranking Member
Subcommittee on Energy

The Honorable H. Morgan Griffith
Ranking Member
Subcommittee on Oversight and Investigations