

**GOVERNMENT OF PUERTO RICO  
PUBLIC SERVICE REGULATORY BOARD  
PUERTO RICO ENERGY BUREAU**

**NEPR**

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**IN RE:** REVIEW OF LUMA’S INITIAL  
BUDGETS

**CASE NO.:** NEPR-MI-2021-0004

**SUBJECT:** Request to Amend FY2023  
PREPA Budget for Implementation of FOMB  
Certified Fiscal Plan Transformation Initiatives

**REQUEST TO AMEND FY2023 PREPA BUDGET FOR IMPLEMENTATION OF FOMB  
CERTIFIED FISCAL PLAN TRANSFORMATION INITIATIVES**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

**COMES NOW** the Puerto Rico Electric Power Authority (“PREPA”), through its counsel of record, and respectfully submits and prays as follows:

**I. Introduction**

This motion is submitted to address three key and critical issues related to PREPA’s budget, including operations and repairs and maintenance works under the PREPA fiscal plan, ongoing transformation, and pension system continuance. In furtherance of this initiative, PREPA hereby submits to the Puerto Rico Energy Bureau of the Public Service Regulatory Board (“Energy Bureau” or “PREB”), a request to update and amend its budget for fiscal year 2022-2023 (“FY2023”). This, pursuant to Section 7.3 (e)<sup>1</sup> of the Puerto Rico Transmission and Distribution Operating and Maintenance Agreement (“T&D OMA”), executed on June 22, 2020, amongst PREPA, the Puerto Rico Public-Private Partnerships Authority (“P3A”), and LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as “LUMA”).

The proposed amendment to PREPA’s FY2023 budget does not impact the energy sales rates, nor it represents a burden to the customers, as the update is based on revenues from reimbursed

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<sup>1</sup> Section 7.3(e) Amendments to Budgets. ... (y) **Owner shall, as promptly as practical, prepare and submit to PREB a proposed amended Generation Budget, which amendment shall require and be subject to approval by PREB.**

federal funds gathered by PREPA during the present and past fiscal years. PREPA urgently seeks the approval of the proposed amendment to comply with its obligations and duties, according to applicable law and regulations. It is stressed that, in addition to its regular obligations, PREPA is currently responsible of executing actions for the transition of the operation and maintenance (“O&M”) of PREPA’s thermal generation assets to Genera PR LLC (“Genera PR”), according to the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement (“LGA OMA”) executed between PREPA, P3A, and Genera PR, on January 24, 2023. In order to expedite the amendment revision process, concurrently with the submission of this motion, PREPA is requesting the approval of the proposed budget amendment to the Fiscal and Oversight Management Board (“Oversight Board” or “FOMB”).

## **II. Relevant Procedural Facts**

1. On April 1, 2022, PREPA submitted its FY2023 Generation Budget to LUMA for consolidation with the LUMA proposed budget.
2. On April 2, 2022, LUMA submitted a document titled *Submission of Annual Budgets for Fiscal Years 2023 Through 2025* including the LUMA Operating Budget and the PREPA Generation Budget ("FY2023 Proposed Budget") to the Energy Bureau. The FY2023 Proposed Budget included the Operating Budgets, which further incorporated the Capital Budgets (both Federally Funded and Non-Federally Funded) and the Generation Budget that PREPA provided to LUMA.
3. On April 14, 2022, PREPA submitted to the Energy Bureau a document titled Motion to Inform Compliance with the April 11 Order, informing the Energy Bureau that it had (i) submitted to LUMA the information requested by the Energy Bureau, and (ii) requested LUMA to immediately file that information before the Energy Bureau. On the same day, April 14, 2022, LUMA submitted before the Energy Bureau, PREPA’s detailed explanation of its budgetary needs and justification

for an equitable revenue allocation based on the 2017 Rate Order.

4. After extensive procedural events established by the Energy Bureau, including a failed Technical Conference, the Energy Bureau determined through its June 15, 2022, *Resolution and Order* that if LUMA could not submit a certification providing, among other things, that the parties to the T&D OMA had concluded all actions required to obtain a consolidated budget, the scheduled technical conference would be automatically postponed, and the default budget as agreed to by the parties to the T&D OMA would remain in effect until the FY2023 consolidated budget was submitted and approved by the Energy Bureau. On June 15, 2022, PREPA presented its proposed budget and revenue allocation to FOMB, P3A and LUMA to justify its requested expenditures for FY2023 and proposed revenue allocation methodology. Due to the limited time available, FOMB used its authority over budgets to adjudicate and determine the budget revenue allocation between PREPA and LUMA in order to certify a revised budget for FY2023 before the close of the previous fiscal year.

5. On June 16, 2022, LUMA filed a document titled *Motion to Inform Status of Negotiations Relating to Generation Budget and in Compliance with Order of June 15, 2022*, providing the Energy Bureau notice that, despite LUMA and PREPA's efforts to reach an understanding with regards to the Generation Budget, no agreement had been reached and, thus, it would not be able to file a consolidated budget.

6. On June 28, 2022, the FOMB issued its *2022 Certified Fiscal Plan for the Puerto Rico Electric Power Authority* ("FY2023 Certified Budget").

7. On July 13, 2022, LUMA filed with the Energy Bureau a document filled *Motion Submitting Fiscal Year 2023 Annual Budget as Approved and Certified by the Financial Oversight and Management Board for Puerto Rico* ("July 13 Petition"). LUMA included in its July 13 Petition,

a copy of the resolution issued by the FOMB certifying the PREPA budget for FY2023 and LUMA's proposed annual budget for FY2023, purportedly based on the FY2023 Certified Budget.

8. On July 16, 2022, the Energy Bureau issued a *Resolution and Order* ("July 16 Resolution"), to commence its review of the July 13 Petition.

9. On February 27, 2023, the Energy Bureau issued a Resolution and Order conditionally approving the FY2023 Proposed Budget.

### **III. Background and Context of PREPA's FY2023 Budget**

PREPA's proposed FY2023 budget was prepared against the backdrop of (i) forced outages and ensuing blackouts during 2021 that impacted nearly all of Puerto Rico, (ii) new executive management appointed at PREPA, and (iii) a comprehensive and prioritized update to the generation Necessary Maintenance Expenses (NME) schedule and budget.

PREPA's proposed FY2023 budget was framed with the backdrop of new executive management appointed at PREPA who had undertaken the administrative and operational task of managing and maintaining the utility's aged legacy generation system following a series of forced outages and ensuing blackouts during the first quarter (Q1) of fiscal year 2021-2022 (FY2022), along with more outages which included an island-wide blackout in April of 2022. The new executive management started the second quarter (Q2) of FY2022 prompting a comprehensive review and update to the NME schedule and budget with the operational vision of ensuring that the legacy generation system could achieve a minimum level of reliability, stability, compliance, and ability to maintain sufficient reserves to avoid severe outage incidents – all this, while the P3A privatization transaction that led to the LGA OMA with Genera PR was concluded.



Hence, during FY2022 PREPA started a repair program impacting all generating units in the generation fleet, which was focused on conducting major repairs<sup>2</sup>. Due to budget constraints, PREPA sought federal funds reimbursement from the Federal Emergency Management Agency (“FEMA”) to execute the repairs, much of which have been obligated to stabilize and increase the reliability of the energy supply in Puerto Rico. The obligation of these projects by FEMA was done after their approval by the Energy Bureau.

PREPA expected that the generating units’ repairs program should be completed between two to three years, conditioned to the availability of funds and to the occurrence of emergency and operational events that could delay the program, like atmospheric disturbances and units forced outages. During FY2022, PREPA completed the following major repairs:

<b>Repaired Unit</b>	<b>Completion Date</b>	<b>Installed Capacity</b>
<b>Costa Sur Unit 5</b>	October 6, 2021	410 MW
<b>Costa Sur Unit 6</b>	December 30, 2021	410 MW
<b>Mayagüez Unit 4A</b>	February 5, 2022	27.5 MW
<b>Mayagüez Unit 1A&amp;1B</b>	May 22, 2022	55 MW
<b>San Juan Unit 5</b>	June 16, 2022	220 MW
	<b>Total:</b>	1,112.5 MW

In addition to these works, PREPA executed other repairs and maintenance works investing approximately 100% of its NME budget for FY2022. However, the stabilization and reliability of the generation system required PREPA to continue repairing its generating units.

Thus, the methodology used for the proposed FY2023 generation system budget (Generation Budget) was structured within the Revenue Allocation of the 2017 Rate Order and focused on

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<sup>2</sup> PREPA’s “major repair” refers to partial works done to major components, like boilers and turbines, that do not impact all the components, parts, and equipment comprising a generating unit. The term “major repair” should not be confused with “major overhaul”, as the latter refers to a complete repair of the generating unit, including all its components, parts, and auxiliary equipment.

criteria that ensured the safe and reliable operation of the legacy generation fleet with special consideration to the material increases in fuel costs and resulting adjustments to customers' electricity bills at the time. PREPA was also emphatic and continuously explained that since the budget was based on historical proportional trends between the generation and the transmission and distribution systems as structured within the Revenue Allocation of the 2017 Rate Order, the PREPA proposed FY2023 Generation Budget could be approved without the need for an adjustment to base rate revenues.

PREPA's Generation Budget was submitted to and approved by the FOMB first on April 1, 2022, and lastly on June 28, 2022, as part of the FY2023 Certified Budget, with some amendments, and without intervention from the Energy Bureau. Ultimately, the budget certified by the FOMB on June 30, 2022, included significant reductions to the Generation Budget proposed by PREPA, which PREPA management strongly opposed and provided ample justification both operational and financial in support thereof. As such, on July 1, 2022, PREPA provided notice to the FOMB that reductions from PREPA's proposed budget would negatively impact and constrain the generation system operations. *See Annex A.*

Its noteworthy that during the final stages of the FY2023 budget development process, in order to address PREPA management's demands at the time, the Oversight Board representatives made representations that PREPA could request budget adjustments as needed during the fiscal year, with appropriate justification and support, as the approved budget was consumed. In addition, the Oversight Board representatives argued that PREPA should find other revenue sources, like the reimbursement of federal funds, which PREPA was already requesting for the generating units' repairs works conducted during fiscal year 2021-2022. Therefore, PREPA's employees worked hard to complete the repairs works, in addition to request federal funds reimbursements for these

works plus other pending reimbursement requests, which amounted approximately \$340 million during the calendar year 2022 and about \$70 million during the calendar year 2023.

Thus, during the course of FY2023, PREPA has requested the FOMB's approval for budgetary funding adjustments on multiple occasions without the need of a rate adjustment, to no avail. Since early November 2022, PREPA sustained various meetings and conference calls with Oversight Board representatives to discuss the need of adjusting its budget, based on the revenues gathered from the reimbursement of federal funds. PREPA has firmly stated and evidenced the need of additional funding to undertake repair works for increasing the generation system dependability and the power system reliability, in addition to other operations required to comply with laws and regulations. After those meetings and discussions, on December 8, 2022, PREPA sent a letter to the FOMB ("December 2022 Request"), formally requesting to update and amend its budget, adding \$20 million to the operational budget and \$40 million to the NME budget. *See Annex B.*

In response to the December 2022 Request, on December 27, 2022, the FOMB then directed PREPA to respond to a request for information ("RFI") to further evaluate PREPA's request. On January 11, 2023<sup>3</sup>, PREPA answered the RFI providing requested and supporting documentation to the FOMB ("January 11 RFI Response"). *See Annex C.* In response and to PREPA's surprise, on February 1, 2023, the FOMB directed PREPA to submit any budget amendment request to the Energy Bureau for review and approval and stated that once the Energy Bureau issues a determination on whether to approve, deny or modify PREPA's request, PREPA should submit a budget amendment request reflecting PREB's determination to the Oversight Board for review and approval. In response to the FOMB notification, the Energy Bureau's February 27, 2023's Resolution and Order, issued to conditionally approve the FY2023 Proposed Budget that had

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<sup>3</sup> Letter from PREPA to FOMB dated January 11, 2022, submitted to PREB by LUMA on February 17, 2023, in compliance with the February 10, 2023's *Resolution and Order*.

been previously certified by the Oversight Board on June 30, 2022, stated that the PREB rejected PREPA's December 2022 Request for the FY2023 budget amendment.

It is stressed that, since the FY2023 budget certification on June 28, 2023, PREPA has completed necessary actions to obtain reimbursements from federal funding sources, which complies with the representations done by the Oversight Board representatives regarding funding sources other than the energy sales. In addition, PREPA justified the need to amend the FY2023 budget, based on those reimbursement funds, in its meetings with FOMB representatives and in the December 2022 Request and the January 11 RFI Response. Among others, the current lack of funds in the FY2023 budget will increase the risk of instability and load shedding events as a result of continue delaying necessary repairs to the generation fleet, in addition to other adverse situations that would result from PREPA's non-compliance with environmental regulations and other regulatory obligations. It is noted that both, delaying the generation system repairs and failing to comply with regulatory and administrative matters, will adversely affect PREPA's transition actions for the completion of the Genera PR transaction.

In light of the above, PREPA hereby reiterates its requests for an amendment to PREPA's operational and necessary maintenance expense FY2023 budget, as further detailed in PREPA's December 2022 Request and January 11 RFI Response. PREPA's compliance with its duties and obligations during the remainder of FY2023, including its transition works according to the LGA OMA, require the execution of this amendment to the budget. The required amendment does not impact the energy sales rates, nor it represents a burden to the customers, as the update is based on revenues from reimbursed federal funds.

#### **IV. Request to Amend PREPA's FY2023 Budget**

During the 2022 calendar year, PREPA has been reimbursed over \$340 million in funds used to complete eligible generation projects and other funds from outstanding reimbursement requests. *See* Exhibit B of Annex C. In accordance with PREPA's Governing Board resolution related to the treatment of federal funds, once the reimbursement of a federally funded project is received, those reimbursed amounts are deposited in accounts designated specifically as federal reimbursements ("FEMA Reimbursement Accounts"). Given the continuous nature and advancement of PREPA's operations, including its transformation and fiscal situation and the critical generation maintenance schedule, however, PREPA now needs funds from the FEMA Reimbursement Accounts to fund other accounts (itemized below) in PREPA's approved budget to continue operations during the remainder of FY2023.

##### **1. Operating and Necessary Maintenance Expenses**

PREPA has continued to face operational challenges during FY2023, including the urgent need for improved and additional repairs and maintenance and operating resources for the legacy generation and water facilities. Among many initiatives undertaken by PREPA's current management, exceptional efforts have been directed at improving and streamlining the relationship with FEMA, to improve access to available reimbursement funding. FEMA reimbursement funds are not derived from the sale of energy, but rather constitute an extra revenue when PREPA's already disbursed expenses in executing eligible projects and repair works are reimbursed and received.

Since the beginning of the FY2023 budgeting process in early 2022, PREPA developed and updated a comprehensive enhanced repairs and maintenance program to address the real needs of its aging generation fleet – to avoid the very frequent generation-related forced outages that

preceded the appointment of the utility's current management. In doing so, PREPA identified priorities to achieve increased system reliability, availability, and environmental compliance. Based on those strategic operational and maintenance priorities – and keeping with the management objectives of ensuring system reliability and availability, PREPA is seeking authorization from the Energy Bureau to update and modify the FY2023 Budget in the amount of \$60 million to be allocated as \$20 million for operational expenses and the remaining \$40 million as part of the generation NME. The budget amendment requested herein will help PREPA, and soon Genera PR<sup>4</sup>, ensure adequate, reliable, and dependable power generation that is essential for the electric grid operation.

PREPA has repeatedly explained to the FOMB and the PREB the risks and costs associated with delaying planned maintenance and repairs, which includes work required for environmental compliance. In order to address these operational challenges, and to not further interrupt the cadence and sequence of scheduled and unscheduled repairs and maintenance, while transitioning generation services to Genera PR, PREPA urgently requires improved operating resources and additional maintenance for the legacy generating units and water facilities. *See Exhibit C in Annex C and Annex D.*

As an example of the critical works included within PREPA's requested budget increase, PREPA is requesting at least \$5.7 million to proceed with necessary works required for compliance with U.S. Federal Environmental laws as mandated under the Environmental Protection Agency ("EPA") Consent Decree. These works include urgent environmental repairs at San Juan 7, Palo Seco 3, and Costa Sur 5 & 6 for outsourced contract work, equipment rental, and other repair and maintenance expenses. The anticipated maintenance activities include performance and

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<sup>4</sup> Per the LGA OMA, PREPA is operating under a 100-day transition period with a Target Service Commencement Date of May 4, 2023, for Genera PR to assume the O&M services of PREPA's legacy thermal generation assets.

completion of mechanical repairs, refractory rehabilitation and boiler insulation, welding and mechanical repairs to auxiliary equipment and boilers, and boiler cleaning.

Included as an attachment to this motion is PREPA's latest generation maintenance schedule, which details the planned sequence of environmental outages to perform the necessary work. *See* Annex E. To avoid EPA penalties, PREPA shall start the repair of Palo Seco 3 during the next week and of San Juan 7 and Costa Sur 5 & 6 during the following 3 to 5 weeks. PREPA's request in its December 2022 Request included contracting and other expenses to execute these works. This type of work was discussed during the meetings and conference calls with Oversight Board representatives since early November 2022.

In general, the NME allocation is necessary to fund upcoming projects that have long-lead times or are multi-year projects or for which there needs to be more budgeted funding for a particular year. Most of the projects that PREPA plans to fund with the NME allocation are projects that the Energy Bureau has already approved in case NEPR-MI-2021-0002. *See* Annex D. The list included in Annex D includes two projects that will be submitted to the Energy Bureau for evaluation and approval. The first project is the repair of the Aguirre Unit 1-4<sup>5</sup> generator rotor, which was damaged as a direct cause of Hurricane Fiona. PREPA will present an initial Scope of Work (SOW) for this project to the Energy Bureau within ten days. It is estimated that this project will cost \$1.2 million. The second project is the repair of the Mayagüez 3-B unit.<sup>6</sup> PREPA will also present an initial SOW for this project to the Energy Bureau within ten days. It is estimated that this project will cost \$3.1 million.

PREPA respectfully requests the Energy Bureau to grant PREPA leave to use the entire NME allocation (\$40 million) to fund the projects listed in Annex D. In the alternative, PREPA requests

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<sup>5</sup> Aguirre 1-4 is a combined cycle gas turbine and steam turbine (Fuel Oil No. 2).

<sup>6</sup> Mayagüez 3-B is a gas turbine with 55MW installed capacity.

that the Energy Bureau approve the entire budget contingent on the approval of the Aguirre and Mayagüez' initial SOWs.

PREPA also requests leave from the Energy Bureau to reallocate funds from the FEMA Reimbursement Accounts to the PREPA operational account to cover the expenses of services needed to enable the construction of projects that the Energy Bureau has approved.<sup>7</sup> A detail of the Operational Expenditure allocation is included in Annex D, which include technical and professional services that complement NME and federally funded projects and support PREPA's operations related to regulatory compliance and its transformation, among others.

It is respectfully requested that PREPA be granted leave to proceed with reallocating funds as requested herein. These expenditures are necessary to guarantee that PREPA continues to responsibly comply with its operational and legal obligations, including ensuring sufficient generation capacity to supply energy to customers – and as it prepares to transfer the responsibilities of O&M of the thermal generation assets to Genera PR in the coming weeks/months.

Additionally, approval of funding for these projects will ensure (a) continuity; and (b) add reliability and additional capacity to the generation system as we approach the high demand summer and the concurrent hurricane season of 2023. Moreover, these projects are necessary to properly and sustainably leverage the stated public mission of the Puerto Rico Power Stabilization Task Force (“Task Force”). The mission is a program launched by FEMA and supported by the United States Army Corps of Engineers (“USACE”), as well as by the United States Department of Energy (“US DOE”).

The focal point of the Task Force is to support the use of temporary generation to allow PREPA

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<sup>7</sup> There is no law or regulation that prevents PREPA from using money reimbursed by FEMA to any activity, even if that activity is not federally funded or related to federally funded projects.



(and soon Genera PR) to adequately plan and invest in the repairs and maintenance of the thermal generation assets to allow the system to become more sustainable, available, resilient, and environmentally compliant, to meet customer needs and make the system more secure.

As reported by LUMA in docket No. NEPR-MI-23022-0003, *In re: LUMA's Response to Hurricane Fiona*, the Task Force is working expeditiously to install temporary additional capacity in Puerto Rico. The San Juan and Palo Seco sites have been identified as the primary sites to install these generators. It is estimated that land-based, trailer-mounted generators should be installed and synchronized to the system in early **July 2023**. To meet the main objective of the US DOE, the Governor of Puerto Rico, and the Task Force, PREPA (and Genera PR after service commencement date) must be prepared to begin and/or continue the maintenance and repair programs once the temporary generation is installed and operating. Therefore, PREPA must be prepared come the summer to embark on the projects, not to begin procuring and purchasing parts needed to complete the planned repairs. Therefore, all efforts to begin the projects listed in Annex D must begin promptly.

## **2. Genera's Mobilization Fee**

Pursuant to the LGA OMA, PREPA deposited \$15 million from its operational account into a new and dedicated mobilization account – as further requested by the P3A in a letter dated February 10, 2023. The purpose of this account is to fund, from time to time and as may be authorized by the P3A, Genera's mobilization costs as it transitions to service commencement date under the LGA OMA. Pursuant to the LGA OMA, this mobilization service fee shall be an aggregate amount sufficient to compensate Genera for all labor costs and any other reasonably necessary and documented costs and expenses incurred while providing mobilization services and satisfying service commencement date conditions.

On March 9, 2023, the Title III Court approved an administrative expense claim in favor of Genera PR for PREPA's obligations to Genera PR during the mobilization period. Accordingly, PREPA hereby requests the necessary FY2023 budget amendment approval from the PREB for all relevant purposes and actions in accordance with applicable law, PREPA's transformation obligations, and, specifically, its obligations under the LGA OMA. PREPA requested the relevant FY2023 budget approval from the FOMB in a letter dated March 13, 2023 ("March 13 Request") and hereby informs the Energy Bureau for all relevant purposes and action in accordance with applicable law, PREPA's transformation obligations and, specifically, its obligations under the LGA OMA. *See* Annex F.

### **3. Voluntary Transition Program (VTP)**

Act 120-2018<sup>8</sup>, as amended by Act-17-2019<sup>9</sup>, provides safeguards for ongoing employment and certain vested rights for PREPA employees assets in connection with any public-private partnership concerning PREPA. Pursuant to Act 120-2018, the Government of Puerto Rico Human Resources Administration and Transformation Office ("OATRH", for its Spanish acronym) and the Puerto Rico Office of Management and Budget ("OGP", for its Spanish acronym) identified vacant positions across Puerto Rico's central government to ensure that jobs would be available for every PREPA employee that wants to stay employed with the Government. In addition to having the opportunity to continue working with the Government of Puerto Rico, employees have the option to exit public service and participate in a Voluntary Transition Program ("VTP"), as an alternative resolution for the safeguards provided for under Act 120-2018.

In furtherance of the above, on March 9, 2023, the Oversight Board sent a letter to the Puerto

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<sup>8</sup> "Puerto Rico Electric Power System Transformation Act", Act. No. 120 of June 21, 2018, as amended ("Act 120-2018").

<sup>9</sup> "Puerto Rico Energy Public Policy Act", Act No. 17 of April 11, 2019, as amended ("Act 17-2019").

Rico Fiscal Agency and Financial Advisory Authority (“AAFAF,” for its Spanish acronym) indicating that it had “Approved with Conditions” a proposed Administrative Order to enact the VTP related to the Genera transaction, subject to an amendment to PREPA’s Certified Budget reflecting the VTP’s projected expenditure and a proportional cash revenue to allow for the VTP-related disbursement. This, as part of the transaction to transfer the thermal generation assets’ O&M to Genera PR. In response to FOMB’s letter, concurrently with this motion, PREPA is requesting the necessary FY2023 budget amendment approval from the Oversight Board to enact a VTP in accordance with PREPA’s obligations under Puerto Rico law. *See Annex F.* Furthermore, in accordance with applicable law and PREPA’s transformation obligations, PREPA hereby respectfully requests the PREB’s approval to increase the FY2023 budget by \$29.4 million to cover estimated costs associated with the implementation of the VTP related to the Genera PR transaction.

#### **4. Pension System Funding**

During the pendency of PREPA’s Title III bankruptcy proceeding, the FOMB has certified budgets for PREPA that have, in most years, reflected the pre-petition employer contribution amount of roughly 35% percent of salaries. The funded status of the PREPA’s Employee Retirement System (“PREPA ERS”) was already strained prior to the bankruptcy filing date and the continued demographic shift in PREPA’s employee base due to retirements and resignations without an increase in the employer contribution has further exacerbated the financial condition of the PREPA ERS. As of the date hereof, PREPA’s pension system faces a liquidity crisis and has stated that it will likely not be able to pay the full monthly pension benefit payments during FY2023. Based on the latest projection from PREPA ERS dated March 10, 2023, plan assets would be depleted by May 2023, depending on value of liquid assets and assumptions on outflows,

including payments to active plan members and reimbursements to former plan members. *See* Annex G.

In order to address the PREPA ERS near-term liquidity challenges, PREPA seeks PREB's approval for a budget amendment to increase the employer contribution to the PREPA ERS in the amount of approximately \$150 million to ensure sufficient funding of benefit payments for an additional five (5) to six (6) months while a long-term solution is negotiated and implemented. PREPA requested the relevant FY2023 budget approval from the FOMB in its March 13 Request. *See* Annex F. It is stressed that thousands of PREPA retirees and employees will be adversely affected if they do not receive their pensions and other benefits, especially when they need it the most. As the Oversight Board acknowledged in connection with Puerto Rico's Certified Fiscal Plan, "[s]atisfying pension commitments to current retirees and future retirees and their families is not only important to these individuals but also important to Puerto Rico's economy as retirees spend virtually all their income on the Island."<sup>10</sup> Therefore, it should not be an option to fail in providing the corresponding payments to those thousands of public servants. This, especially considering that the proposed amendment does not impact the energy sales rates, nor it represents a burden to the customers, as the update is based on revenues from reimbursed federal funds.

## **V. PREPA's Right to Request Budget Amendments**

Pursuant to Section 7.3(e) of the T&D OMA, PREPA as owner of the generation assets, is the party responsible for submitting to PREB any required amendments to the Generation Budget. Specifically, Section 7.3(e) states:

Amendments to Budgets. Operator may, from time to time, propose to amend the approved Operating Budget and Capital Budget for a given Contract Year, including to account for any for Federally Funded Capital Improvements that have been Obligated since the date the Capital Budget – Federally Funded then in effect

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<sup>10</sup> 2021 Certified Fiscal Plan for Puerto Rico, Chapter 20 – Pension Reform (Page 273)

was approved; provided that any such amendment shall be compliant with the applicable Rate Order. If, during a Contract Year, Operator becomes aware that T&D Pass-Through Expenditures or Generation Pass-Through Expenditures for such Contract Year are expected to exceed a Budget for such Contract Year (taking into account the allowances for Excess Expenditures), then (i) with respect to the Operating Budget and Capital Budget, Operator shall promptly notify PREB and Administrator and prepare and submit to PREB a proposed amended Operating Budget or Capital Budget for such Contract Year, as the case may be, which amendment shall require and be subject to approval by PREB, and (ii) with respect to the Generation Budget, (x) Operator shall notify PREB, Administrator and Owner and (y) **Owner shall, as promptly as practical, prepare and submit to PREB a proposed amended Generation Budget, which amendment shall require and be subject to approval by PREB. (Emphasis added)**

Throughout this case, in accordance with Section 7.3 (a), PREPA has submitted the information relating to the Generation Budget, through LUMA. However, in this instance, given that a generation budget amendment is required and given the urgency and relevance of PREPA's request as it concurrently transitions generation functions and services to Genera PR, PREPA is appearing before the Energy Bureau as (a) principal, (b) owner of the system (including both, the transmission and distribution assets and the legacy generation assets), and (c) the relevant party – in fact, the only party amongst all stakeholders - that is deeply knowledgeable of and about PREPA's generation power plants and its maintenance needs.

In light the above, PREPA respectfully submits that the T&D OMA specifically provides that PREPA is the party responsible for submitting amendments pertaining to the generation budget. More so, when such a request is essential to allow for pension funding and/or funding for the transition from PREPA to Genera PR, among other regulatory and administrative requirements. In addition, as the only party amongst all stakeholders - that is deeply knowledgeable of and about PREPA's power system and its maintenance needs, PREPA shall be allowed to use its reimbursement funds to cover its operational expenses, without the need for submitting formal requests to the Energy Bureau. Submitting each and all of expenses modifications of an account

is not practical nor feasible, in addition to deviate the utility's administrative functions and duties to the regulator. This, particularly considering the dynamic nature of an electrical system, especially when operating a fragile generation system as PREPA's system. It is stressed that the use of the reimbursed funds for operational purposes does not impact the energy sales rates, nor it represents a burden to the customers.

## **VI. Conclusion**

The urgency and imperative of the requested budgetary amendments cannot be overstated. During the FY2023 budget development process, the Oversight Board broadly reduced PREPA's proposed budget, including drastic cuts to PREPA's proposed generation O&M. PREPA management strongly opposed these reductions – and provided ample justification (financial and operational) in support thereof. Among others, PREPA management advocated for additional budget for critical generation repairs arguing that the allocation of the forecasted revenues between LUMA and PREPA should consider the fragile condition of the generation fleet.

Having received FEMA reimbursement funds that are not derived from the sale of energy during FY2023, PREPA requests leave from the Energy Bureau to update and modify the FY2023 Generation Budget by \$60 million to continue to reconstruct, repair, and harden PREPA's generation assets – as it transitions these functions to Genera PR. The generation projects described above have long-lead times, and the procurement of parts, supplies and contractors must continue uninterrupted or otherwise begin immediately to ensure timely maintenance ahead of the 2023 hurricane and summer high load seasons. Therefore, the expedited approval for leave to increase budget expenses for NME and Operational Expenditures is crucial to the stabilization of the power system.

PREPA cannot stress enough the importance of maintaining the continuity and reliability of

PREPA's generation fleet in the wake of a transition to a private operator. Failing to approve this request for an amended generation budget will inevitably cause further delays to necessary maintenance and repair projects which could result in load relays and blackouts because of insufficient generation. Among the many considerations to be had are contracting timelines, availability of materials and labor, as well as supply chain considerations. Time is of the essence and PREPA has not sat idle with this matter.

PREPA initially approached the FOMB as early as October 2022 to request an amendment to the generation budget and sustained discussions with FOMB representatives since early November 2022. This was so because FOMB had been the governmental entity who had approved PREPA's budget through the Fiscal Plan on June 28, 2022. Notwithstanding, on February 1, 2023, the FOMB informed PREPA that any amendments to the generation budget would have to be submitted to the PREB. Thereafter, on February 27, 2023, PREB conditionally approved the FY2023 Proposed Budget. In furtherance of PREPA's goal to maintain continued and reliable generation for the People of Puerto Rico and in accordance with both FOMB and PREB directives, PREPA submits this request for an amendment to the generation budget as detailed above.

In addition to the above, as further explained in this Motion, PREPA also is seeking authorization from FOMB for the following items and hereby informs the Energy Bureau for all relevant purposes and action in accordance with applicable law and PREPA's transformation obligations:

1. Genera PR Mobilization Funding - \$15 million to pay for Genera PR Mobilization costs as required under the LGA OMA.
2. VTP Funding - \$37.5 million to fund a VTP program consistent with PREPA's obligations under Act 120-2018, as amended by Act-17-2019.

3. Pension Funding - \$150 million to ensure the continued funding of pension benefit payments for an additional five (5) to six (6) months, while a long-term solution is implemented.

In addition to increase the risk of instability and load shedding events as a result of continue delaying necessary repairs to the generation fleet, the lack of funds in the current FY2023 budget will cause PREPA's non-compliance with environmental regulations and other regulatory obligations, including, but not limited to, requirements from the PREB and Puerto Rico's Legislature. Furthermore, the lives of thousands of PREPA's retirees and employees are at risk, if PREPA ERS is not able to pay the pensions and benefits before the end of the fiscal year.

Therefore, PREPA urges the Energy Bureau to look at the worth of amending PREPA's budget, not only to comply with the LGA OMA, but also to provide an adequate transition to Genera PR, maintaining the safety and reliability of the power system, and protecting thousands of public servants. This is possible without affecting customers energy bills, basing the amendment on the reimbursed federal funds that PREPA's employees have been capable to gather, after great effort and dedication.

Should the Energy Bureau raise any questions or concerns regarding items proposed in the request for amendment of the FY2023 budget herein submitted, PREPA respectfully requests that a meeting be scheduled as early as this week, with all relevant stakeholders, including Genera PR, in which PREPA representatives can answer, discuss and address any questions and provide any relevant information needed by the Energy Bureau to make an informed determination. PREPA reiterates that, as owner of the thermal generation system assets, its only focus is to ensure a seamless transition into the hands of the private operator, always ensuring the reliability and stability of the system for the customers and all of the people of Puerto Rico.



**WHEREFORE**, PREPA respectfully requests the Honorable Energy Bureau grant leave to amend and increase the FY2023 PREPA Budget by \$254.4 million for (a) Generation NME and Operational expenditures (\$60 million total) to use as and for the purposes summarized above; (b) mobilization funding (\$15 million) required to effectuate the transition of Genera PR; (c) VTP funding of \$29.4 million; and (d) pension funding (\$150 million) necessary for the PREPA ERS.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 14<sup>th</sup> day of March 2023.

/s Maralíz Vázquez-Marrero

Maralíz Vázquez-Marrero

TSPR 16,187

[mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law)

/s Joannely Marrero-Cruz

Joannely Marrero Cruz

[jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law)

TSPR no. 20,014

**DÍAZ & VÁZQUEZ LAW FIRM, P.S.C.**

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**CERTIFICATE OF SERVICE**

It is hereby certified that, on this same date, I have filed the above motion with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and a courtesy copy of the filing was sent to LUMA through its legal representatives at [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com) and [laura.rozas@us.dlapiper.com](mailto:laura.rozas@us.dlapiper.com).

In San Juan, Puerto Rico, this 14<sup>th</sup> day of March 2023.

/s Joannely Marrero-Cruz

Joannely Marrero Cruz

## Annex A



## GOVERNMENT OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Executive Director | Josué A. Colón Ortiz | [director\\_ejecutivo@prepa.com](mailto:director_ejecutivo@prepa.com)


July 1, 2022

BY ELECTRONIC MAIL

Mr. David A. Skeel, Jr.  
Chair  
Financial Oversight and Management  
Board for Puerto Rico (FOMB)  
PO Box 192018  
San Juan, Puerto Rico 00919-2018

Dear Mr. Skeel:

The Puerto Rico Electric Power Authority (PREPA) is in receipt of the FOMB's letter dated July 1, 2022 (the "FOMB July 1<sup>st</sup> Letter"), regarding PREPA's FY2023 Budget submitted by PREPA on June 30, 2022 (the "June 30 Submittal"). We regret the absence of the budget and supporting workbook in PREPA's June 30 Submittal, as noted by the FOMB, which was an apparent administrative oversight. We hereby remedy the mistake, by attaching said supporting materials, and expand on the statements made on the June 30 Submittal.



Apart from submitting the missing budget and supporting documentation, PREPA must take this opportunity to clarify certain statements made by the FOMB in its July 1<sup>st</sup> Letter. First and foremost, PREPA has made it clear throughout this complex and multifaceted budgeting process that it understands the fiscal constraints facing the electric power system and the need for its budget to remain revenue neutral. PREPA has further made it clear that an appropriate allocation of revenues would provide the necessary resources for PREPA's generation fleet, without a need for a base rate increase. PREPA respectfully notes the revenue allocation methodology adopted by FOMB, as compared to the revenue allocation methodology proposed by PREPA, results in a \$36 million shortfall to PREPA proposed GenCo and HoldCo budgets. PREPA stands firmly behind its proposed revenue allocation methodology and reiterates its appropriateness. As such, PREPA believes it had proposed a revenue neutral solution to the FOMB.



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Mr. David A. Skeel, Jr.  
 Response to FOMB's Letter  
 Dated July 1st, 2022  
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Furthermore, PREPA understands and fully developed its budget with the wellbeing of Puerto Rican families in mind. PREPA's proposed budgets were developed on a bottoms-up, needs-based basis, with direct input from management at the plant level and subject to thorough scrutiny by management with the goal of providing the most reliable, cost-efficient service to customers possible, while responsibly addressing the needs of the generation system to avoid the outages suffered by Puerto Rico residents last year. The budgeting process was fully detailed in PREPA's GenCo Budget Support filing submitted to PREB on April 14<sup>th</sup>, and to FOMB as part of the Fiscal Plan submittals since early April, as well as in working sessions held between FOMB, P3A, LUMA and PREPA regarding the proposed budgets during June. Although PREPA's GenCo Budget Support filing was submitted on April 14<sup>th</sup>, it should be noted that PREPA proposed a revenue allocation on March 29<sup>th</sup> and submitted its GenCo budget to LUMA for consolidation on April 1st, one day prior to the submittal deadline. Furthermore, PREPA has operated within FOMB Certified Budgets during the last 5 years—as PREPA takes its obligation to develop and operate within an appropriate budget seriously.

As a result of the FOMB's concurrence with LUMA's proposed revenue allocation, FOMB was forced to make significant reductions to PREPA's proposed budgets in the June 28, 2022 Certified Fiscal Plan and the FY2023 Certified Budget to achieve a balanced budget (see Exhibit 1). As stated in prior communications, PREPA finds these changes objectionable given the tenuous state of the generation system. For example, Other Miscellaneous Expenses was cut by \$17 million, Professional & Technical Outsourced Services were cut by \$3.9 million, and Materials & Supplies were cut by \$3 million. The FOMB's representatives explained to PREPA that the rationale for reducing these budget line items was a 5-year historical look-back, wherein PREPA's actual spending in these categories was much lower.

As PREPA has stated on numerous occasions in meetings and in writing throughout the budget process, a reliance on recent historical spending is not reasonable given the results and performance of the generation system at this level of spending. More distant historical spending was much higher and coincides with much higher power plant performance statistics, as demonstrated in the table below.

### Historical PREPA Generation Directorate Expenditures, FY2008 – FY2021


(\$-millions)	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Materials & Supplies	\$ 24.9	\$ 23.1	\$ 18.7	\$ 22.8	\$ 24.2	\$ 22.6	\$ 19.3	\$ 14.9	\$ 19.0	\$ 18.4	\$ 20.0	\$ 19.8	\$ 18.3	\$ 24.2
Other Miscellaneous Expenses	\$ 24.1	\$ 22.4	\$ 18.5	\$ 13.0	\$ 18.4	\$ 13.1	\$ 11.0	\$ 9.2	\$ 9.2	\$ 7.5	\$ 7.9	\$ 5.0	\$ 7.0	\$ 13.3
PREPA Equivalent Availability	n/a*	n/a*	81%	79%	80%	74%	67%	63%	63%	59%	55%	59%	49%	51%
Materials & Supplies	FY2008 - FY2012 Average: \$ 22.7					FY2013 - FY2016 Average: \$ 19.0					FY2017 - FY2021 Average: \$ 20.1			
Other Miscellaneous Expenses	FY2008 - FY2012 Average: \$ 19.3					FY2013 - FY2016 Average: \$ 10.6					FY2017 - FY2021 Average: \$ 8.1			
PREPA Equivalent Availability	FY2010 - FY2012 Average: 80%					FY2013 - FY2016 Average: 67%					FY2017 - FY2021 Average: 55%			

\*Generation performance statistics not available for FY2008 and FY2009



The much more constrained budget for Materials & Supplies and Other Miscellaneous Expenses categories will result in a high probability of generation loss situations, which may produce load shedding events, brownouts, and blackouts. Also, it will most likely affect the efficient compliance with the itinerary of the scheduled maintenance and repair program of the PREPA's generation assets, which will increase the risk of having major equipment failure of the units due to exceeding its operational hours. Under these budget conditions it will be very difficult or impossible to provide a safe and reliable electric service to our customers, especially when an electrical isolated system such as what we have in Puerto Rico decreases in its reliability as the available and dependable generation capacity decreases, with the consequence of putting the lives of the people of Puerto Rico at risk and destabilizing the economy.

In particular, the reduction in the budget for Materials & Supplies and Other Miscellaneous Expenses categories will greatly limit PREPA's ability to comply with its Fiscal Plan, which states, among others, that:



"[T]he the increasing age and condition of the PREPA generating units is expected to continue to be susceptible to forced outage events that necessitate load shedding, further constraining LUMA's ability to service its customers. The challenges associated with an unreliable generation fleet are expected to continue until an appropriate, proactive maintenance program is in place and old, inefficient units are replaced in newer resources."

"The underlying root cause for outages in PREPA's legacy generation plants is related to their age and the need for a well-developed and effectively executed (preventive and pro-active) maintenance program."

The expenses included in the budget for the Materials & Supplies and Other Miscellaneous Expenses are essential to implement a better and more effective maintenance program, including preventive and proactive programs. Expenses budgeted within these categories include vibration analysis tests, electrical equipment thermography, and oil samples tests to prevent failure in main rotative equipment. In addition, these categories include replacement parts to reduce failure time in main equipment, purchases to improve the efficiency of the units with the condenser and boiler cleaner, replacement of insulation material and refractory, and improvements to the condition of the boiler structure and major equipment with epoxy material and painting work. Reducing the budget in these categories constraints PREPA's ability to improve the availability of the generation system, as stated in the Fiscal Plan.

Mr. David A. Skeel, Jr.  
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Dated July 1st, 2022  
Page 4

Relatedly, FOMB also made a \$3.5 million reduction to labor expenses, which will surely impact PREPA's ability to hire and retain key operational personnel. It has been explained repeatedly to FOMB's representatives that there is an urgent need to retain key operational employees at the power plants, as their work is essential to keep the generating units online and operational. These specialized employees are so few that they regularly work shifts of 16 and 24 hours per day. The labor force shortfall is at such a low level that during recent months there have been events in which PREPA was forced to limit the available generating capacity of certain units due to the lack of available labor. The situation has gotten much worse as retirements and resignations have increased during recent years.

PREPA recognizes the FOMB's certification of a consolidated FY2023 Budget and appreciates the FOMB's time spent analyzing PREPA's budget submittals, as well as the numerous, collaborative meetings held in an effort to develop the most appropriate budget possible. However, PREPA is compelled to note the deficiencies of said budget in an effort to most successfully continue working constructively with the FOMB for the benefit of the people of Puerto Rico.

Cordially,



Josué A. Colón-Ortiz  
Executive Director

#### Attachments

c      Hon. Pedro Pierluisi Urrutia  
         Hon. José Luis Dalmau Santiago  
         Hon. Rafael Hernández Montañez  
         Hon. Omar Marrero Díaz  
         PREPA Governing Board  
         FOMB Board Members  
         Mr. Fermín Fontanés Gómez  
         Mr. Wayne Stensby



## Exhibit 1: FOMB FY2023 Budget Changes

(\$-millions)	FY2022 Budget	6.22 PREPA Budget	6.29 FOMB Budget	6.22-FOMB \$- Variance	6.22-FOMB %-Variance
<b>Projected Revenue less Bankruptcy Costs</b>	\$ 1,066,903	\$ 1,058,185	\$ 1,045,933	\$ (12,252)	-1%
<b><i>A. Genco:</i></b>					
Labor Operating Expenses	\$ 76,711	\$ 83,512	\$ 87,543	\$ 4,031	5%
GenCo Non-Labor / Other Operating					
Materials & Supplies	\$ 18,000	\$ 23,123	\$ 19,795	\$ (3,329)	-14%
Transportation, Per Diem & Mileage	\$ 1,500	\$ 1,527	\$ 1,527	\$ -	0%
Security	\$ 10,444	\$ 11,527	\$ 9,043	\$ (2,484)	-22%
Utilities & Rents	\$ 5,568	\$ 5,573	\$ 3,623	\$ (1,951)	-35%
Professional & Technical Outsourced Services	\$ 5,000	\$ 6,333	\$ 2,392	\$ (3,941)	-62%
Other Miscellaneous Expenses	\$ 12,000	\$ 24,542	\$ 7,565	\$ (16,977)	-69%
Non-Labor / Other Operating	\$ 52,513	\$ 72,626	\$ 43,944	\$ (28,682)	-39%
Maintenance Projects Expense (NME)	\$ 106,389	\$ 99,039	\$ 99,039	\$ -	0%
<b>Total Genco Operating &amp; Maintenance</b>	\$ 235,612	\$ 255,177	\$ 230,526	\$ (24,651)	-10%
<b><i>B. HoldCo:</i></b>					
HoldCo Labor Operating					
Labor Operating Expenses	\$ 17,690	\$ 19,982	\$ 12,513	\$ (7,469)	-37%
Non-Labor / Other Operating	\$ 18,180	\$ 34,461	\$ 31,816	\$ (2,645)	-8%
<b>Total HoldCo O&amp;M excluding T3/FOMB/P3A</b>	\$ 35,870	\$ 54,443	\$ 44,329	\$ (10,114)	-19%
Title III Costs	\$ 38,722	\$ 28,000	\$ 25,100	\$ (2,900)	-10%
FOMB Advisor Costs	\$ 24,400	\$ 24,400	\$ 24,400	\$ -	0%
P3A Transaction Costs	\$ 4,750	\$ 9,500	\$ -	\$ (9,500)	-100%
<b>Total HoldCo O&amp;M with PREPA T3/FOMB</b>	\$ 103,742	\$ 116,343	\$ 93,829	\$ (22,514)	-19%
<b><i>C. GridCo:</i></b>					
T&D O&M Expenses	648,892	627,909	626,903	\$ (1,006)	0%
LUMA Service Fees	115,131	105,704	121,785	\$ 16,081	15%
<b>Total GridCo O&amp;M Expenses</b>	\$ 764,023	\$ 733,613	\$ 748,688	\$ 15,075	2%



## Annex B



GOVERNMENT OF PUERTO RICO  
PUERTO RICO ELECTRIC POWER AUTHORITY

Executive Director | Josué A. Colón Ortiz | [director\\_ejecutivo@prepa.com](mailto:director_ejecutivo@prepa.com)

December 8, 2022

ELECTRONIC MAIL


[letters@promesa.gov](mailto:letters@promesa.gov)

[Alejandro.figueroa@promesa.gov](mailto:Alejandro.figueroa@promesa.gov)

Mr. Alejandro J. Figueroa-Ramírez  
Director - Infrastructure  
Financial Oversight and Management  
Board for Puerto Rico  
PO Box 192018  
San Juan, Puerto Rico 00919-2018

Dear Mr. Figueroa-Ramírez:

**Re.: Request to Amend and Recertify the Fiscal Year 2023 Certified Budget**



This letter serves as a formal request to amend and to recertify the Fiscal Year 2022-2023 (FY2023), Certified Budget incorporating the receipt of nonrecurring and unbudgeted Federal Emergency Management Agency (FEMA) reimbursement funds (FEMA Reimbursement Funds), according to several working sections between the staff member of the Puerto Rico Electric Power Authority (PREPA) and the Financial Oversight & Management Board for Puerto Rico (FOMB). The main purpose of increasing the FY2023 Certified Budget by \$200 million is to secure the budgetary authorization to undertake projects not contemplated under the Certified Budget (FY2023) which can be eligible for federal funding. Said projects would be initially funded with the FEMA Reimbursement Funds, which would ultimately be reimbursed by FEMA under Section 428 FEMA Accelerated Awards Strategy (FAAST) of the Stafford Act and as authorized by FEMA under Project Worksheets (PWs) listed on Appendix A.

As the PREPA continues to execute and overcome operational challenges during FY2023, including the urgent need for improve, and additional maintenance and operating resources for the legacy generation and water facilities, exceptional efforts have been directed at improving and streamlining the relationship with FEMA to better access the available reimbursement funding. The direct result of these efforts has been an increase in unbudgeted reimbursement funds received to date. The FEMA reimbursement funds referenced above are not part of and currently have no impact on the FY2023 Certified



Budget. These funds are not derived from the sale of energy during FY2023 and represent unencumbered funds that are mainly available to pursue projects to reconstruct, repair, and harden PREPA's generation and water assets.

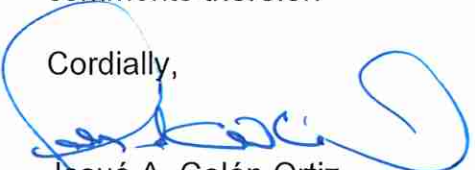
The FEMA Reimbursement Funds received to date have been provided by FEMA based on the following statutory provisions (i) Public Assistance (PA) Category B Emergency Protective Measures, and (ii) Section 428 FEMA Accelerated Awards Strategy (FAASt). During the 2022 calendar year, over \$400,000,000.00 (four hundred million dollars) have been received by PREPA. PREPA is therefore seeking authorization to increase the FY2023 Budget by \$200 million (two hundred million dollars) to undertake much needed works, including engineering tasks and the projects listed on Appendix A, which have been authorized by the Puerto Rico Energy Bureau (PREB) under multiple Resolutions listed on said document:

Expense	Amount
<b>Federally Funded Projects<sup>1</sup></b>	<b>\$140,000,000</b>
<b>Necessary Maintenance Expenses</b>	<b>\$40,000,000</b>
<b>Operational Works</b>	<b>\$20,000,000</b>
<b>Total:</b>	<b>\$200,000,000</b>

PREPA looks forward to work and collaborate with the FOMB. To continue advancing energy sector transformation initiatives in the most transparent and responsible way possible, for the benefit of the people of Puerto Rico. The budget amendment requested herein will help ensure adequate and reliable power generation that is essential for PREPA, Puerto Rico's economy and the general well-being of our people.

PREPA remains available to meet with the FOMB representatives and encourages such meetings to further discuss the foregoing responses and/or address any questions or comments therefor.

Cordially,



Josué A. Colón Ortiz  
Executive Director


Annex

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<sup>1</sup> In addition to the projects listed in Appendix A, these funds will be used to pay for engineering works, for which PREPA will seek reimbursement under the PW 9510 – FAASt A&E PREPA (amounting approximately \$437.8 million), which was obligated by FEMA to cover architectural and engineering expenses needed to execute the reconstruction projects.



## Appendix A - SOW Tracker




PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
1001	San Juan Power Plant	Units 5 Cooling Tower Replacement	Removal of existing cooling towers; design, build, installation, start up and commissioning of two new three cells cooling towers, model S3E-1222-07Q-3/SY, manufactured by Baltimore Aircoil Company (BAC), with its Lakos Tower Clean Filtration System.	1,887,145.00
1002	San Juan Power Plant	Units 5 New High Pressure Pumps	Procurement and delivery of two high pressure water centrifugal pumps with a capacity of 276.6 cubic meter per hour and technical assistance to PREPA for the installation.	1,600,000.00
1003	San Juan Power Plant	Units 5 Condenser Repair and Coating Application	Rehabilitation and application of anti-corrosive coating for the water boxes and intake pipin of the east side of the Unit condenser.	1,031,250.00
1004	San Juan Power Plant	Units 5 High Pressure Bleed Valve, Low Pressure Bleed Valve and Heat Injection Steam Valve	Purchase of equipment and parts for the replacement and installation of Vanessa 30,000 Triple Offset Automated Valves - Steam Injection Block Valves & Bleed Valves	374,237.00
1005	San Juan Power Plant	Units 5 and 6 Black Start Emergency Generator Upgrade	Upgrade the controls system for the black start diesel generator system San Juan CTG 5 & 6.  - Initial verification and assessment of current system configuration and setup versus electrical drawings and original designed configuration - Engineered / retrofitted control system integration and installation (plc and hmi) - Assure communication between plc and ovation distributed control system at operator control room for remote and fully automated operation - Commissioning and startup support - Control system drawings and manuals - Final Testing and inspection	348,509.53
1006	San Juan Power Plant	Units 5 Replacement of Outlet Valves and Elbow Condenser	Remove and replacement of the existing outlet valve and 42 inch diameter steel elbows, which are part of the outfall of the seawater use to cooldown the condensers of both Units 5 and 6.	673,667.00

Appendix A - SOW Tracker


PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
1007	San Juan Power Plant	Unit 7 Air Preheater Maintenance and Replacement	Removal and replacement of the existing air-preheaters cold and hot section's baskets, sector plates, adjusters, static seal, axial plates among other components and repair air heater out casing.	600,000.00
1008	San Juan Power Plant	Repairs to Nautilus Water Treatment System	Structural repair of steel floor, walls, application of interior and exterior anti-corrosive coating.	250,000.00
1009	San Juan Power Plant	Cooling Tower Unit 10 Repair Works	These technical specifications cover the work required under this Contract for the design, manufacture, delivery and erection for one (1) new cell of 3,000 GPM, and the dismantling of the one (1) existing cell of the cooling towers of the units 10 PREPA's San Juan Plant.	-
1010	San Juan Power Plant	Replacement of Two Uninterruptible Power Supply Systems for Units 7 and 8	<ul style="list-style-type: none"> <li>- Replacement of 480 Vac Cables from emergency UPS</li> <li>- Replacement of 130 Vac Cables from emergency UPS</li> <li>- Installation of external electrical piping for UPS Cables</li> <li>- Training on UPS operation</li> <li>- Parts: UPS Cyberex PowerBuilt (ABB) Model: CW2U015-4833-121-1-6-21TOD &amp; CW2U020-4833-121-1-6-TOD</li> </ul>	450,000.00
1011	San Juan Power Plant	Units 7-10 New Raw Water Tank	Removal of existing steel raw water storage tank. Design and Build of a new 173,000 gallons steel raw water storage tanks, including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	1,000,000.00
1012	San Juan Power Plant	Structural Repairs Fuel Service Tank 10	Structural steel repairs of floor, roof, shell, columns and beams elements of a existing fuel service tank and application of new anti-corrosive coating on the interior and exterior of the tank.	647,000.00
1013	San Juan Power Plant	Unit 5 SCR - Amonium Procurement	Procurement and delivery of Amonium Substance to be used for the Selective Catalytic Reduction system to control emissions of Unit 5 for compliance of Federal Law.	-
1014	San Juan Power Plant	Units 5 Heavy Equipment Rental Services	Service of heavy equipment such as 30 Ton, 50 Ton, 70 Ton, 100 Ton and 350 Ton cranes, including mobilization for the performance of repairs and major maintenance works of the main and auxiliary components of Units 5 through 10.	-

## Appendix A - SOW Tracker



PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
1015	San Juan Power Plant	Water Treatment and Technical Assistance Cooling Water System	Service of operation and maintenance of a water treatment system for the cooling towers of power plant's auxiliary equipments. The treatment will protect the infrastructure of the cooling towers.	-
1016	San Juan Power Plant	Unit 10 Rehabilitation	Provide parts and service for the open-inspection and close of the steam turbine and generator. Also, in shop repairs for the steam turbine and the genertor rotor and oil flush of the turbine.	-
1017	San Juan Power Plant	Steam Rotor Replacement Unit 5 & CT Repairs	Replacement of all the main components of the steam rotor of Unit 5 and perform all the repairs of the combustion turbine, including its auxiliary equipments.	12,055,544.40
1018	San Juan Power Plant	LTSA SJ5		-
1019	San Juan Power Plant	LTSA SJ6		-
1020	San Juan Power Plant	Control System Upgrade units 5 & 6	Perform and upgrade to the Units 5 & 6 Control System, including all the necessary cyber security programming	3,203,050.00
1021	San Juan Power Plant	Unit 8 Rehabilitation ( Turbine)	Inspection and replacement of the High Pressure, Intermediate Pressure and Low Pressure Rotors of the Turbine and perform all the testing and commissioning of the equipment.	-

Appendix A - SOW Tracker



PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
1022	San Juan Power Plant	Unit 7 Rehabilitation ( Turbine)	Inspection and replacement of the High Pressure, Intermediate Pressure and Low Pressure Rotors of the Turbine and perform all the testing and commissioning of the equipment.	10,000,000.00
1023	San Juan Power Plant	Unit 6 - Major Overhaul (Steam Turbine Replacement and CT Repairs)		12,768,424.79
1024	San Juan Power Plant	Installation of Modules D&E HRSG Unit 5	Replace critical pressure parts components of San Juan Generation Complex Unit 5 Heat Recovery Steam Generator (HRSG), specifically: Module D High Pressure Economizer 3 Tubes Bundles, Module D Intermediate Pressure Evaporators Tubes Bundles, Module E Intermediate Pressure Economizer Tubes Bundles, Module E High Pressure Economizer 1 Tubes Bundles, Module E High Pressure Economizer 2 Tubes Bundles.	9,750,263.00
1025	San Juan Power Plant	Replacement of the Online Condenser Cleaner Unit 5	Supply, installation and commissioning of a online condenser cleaner system for Unit 5.	3,600,000.00
1026	San Juan Power Plant	Unit 6 - Major Overhaul		12,768,424.79
1027	San Juan Power Plant	Unit 7 - Major Outage - Boiler Sections Replacement and Repairs & Auxiliary Equipment Inspection Work		8,000,000.00
1028	San Juan Power Plant	Unit 8 - Major Outage - Boiler Sections Replacement and Repairs & Auxiliary Equipment Repairs		-
2029	Aguirre Power Plant	Unit 1 South Wall Boiler Tubing Replacement and Boilers Repairs	Partial rehabilitation of the south water wall between third and fourth floor on Unit 1 consisting on Boiler Tube Panels replacement.	5,983,862.00
2030	Aguirre Power Plant	Unit 1 Air and Gas Duct Pre-heaters Repair Work	Inspections looking for leakage and repairs on ducts will be addressing including insulation repair.	-
2031	Aguirre Power Plant	Replacement of Load Center 1-4 Condenser Circulating Water Pump	Removal and removal of existing breakers for the Load Center 1-4 of the Condenser Circulating Water Pumps for the cooling system of the condensers of Units 1 and 2.	630,000.00



Appendix A - SOW Tracker


PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
2032	Aguirre Power Plant	Sea Water Intake Structural Repairs Work	Structural repairs of concrete beams, slabs and walls components of the sea water intake of the	-
2033	Aguirre Power Plant	Rehabilitation Fuel Tank Farm Liners	Rehabilitation, repair and installation a of approximately 46,000 square feet of Flexible Membrane Liner System of the Aguirre Fuel Farm area.	1,291,000.00
2034	Aguirre Power Plant	Two New Condenser Discharge Water Pumps Motors	Procurement and delivery of two 400 Hp-395 RPM, 4,000 Volts-3 Phase, 60 Cycle Re-build Motors for the water discharge condenser pumps for the sea water canal discharge system.	750,000.00
2035	Aguirre Power Plant	Two New BCWP Motors	Procurement and delivery of two ____ Hp-____RPM New Motors for the water discharge condenser pumps for the sea water canal discharge system.	640,150.00
2036	Aguirre Combined Cycle	Procurement of Stages 1, 2, 3 Turbine Rotor Bucket Set, Aguirre Combined Cycle	Buy rotor buckets for spare turbine rotor located at Allied Power Group facilities in Houston, TX. Complete rotor is necessary in case replacement is needed during 2022 HGP inspections (Units 1-1 or 1-2)	497,267.00
2037	Aguirre Combined Cycle	New Water Condensate Tank for the Aguirre Combined Cycle	Removal of existing steel water condensate storage tank. Design and Build of a new 287,000 gallons steel water condensate storage tank,including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	410,125.00
2038	Aguirre Combined Cycle	Major inspection Unit 1-3	Remove Turbine Rotor for repair and balance, including rotor buckets. Replace turbine casing shrouds. Replace turbine nozzles, transition pieces and combustion liners with refurbished components. Inspect Compressor (rotor and stator). Inspect Generator (rotor and stator). Repair HRSG casing and exhaust duct.	2,599,971.00
2039	Aguirre Combined Cycle	Hot Gas Path Inspection and repairs Work Units 2-4 and stand by transformer	Inspect turbine section major components (rotor, buckets, nozzles & shrouds). Replace Stage 1 Buckets (if necessary), Stage 1 Nozzle, transition Pieces and combustion liners with refurbished components. Repair all removed components for futures HGPI. Buy new MCC Transformer 4.16kV / 480V	806,507.36
2040	Aguirre Combined Cycle	Hot Gas Path Inspection Work Units 1-1 and 1-2	Inspect turbine section major components (rotor, buckets, nozzles & shrouds). Replace Stage 1 Buckets (if necessary), Stage 1 Nozzle, transition Pieces and combustion liners with refurbished components. Repair all removed components for futures HGPI.	1,092,000.00



Appendix A - SOW Tracker


PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
2041	Aguirre Power Plant	Inner Barrel Bundle	Engineering and manufacture of an inner barrel bundle of the boiler feed water pump to be used in Units 1 or 2.	1,625,954.00
2042	Aguirre Power Plant	Unit 1 - Major Inspection (Replacement Turbo-Generator)	Major Overhaul to Gas Turbine Num. 1 including the replacement of all the hot gas path components and the turbo-compressor blades. Also, repair the exhaust gas housing and perform the inspection of the turbo-rotor, the generator and repair the Gas Turbine enclosure and filter house.	11,164,417.00
2043	Aguirre Power Plant	Unit 2 Excitation System	Replacement of an obsolete Excitation System that has no replacement parts. The new system must increase the reliability and extend service life with replacement parts and service availability.	1,501,675.00
2044	Aguirre Power Plant	Purchase and Installation Breakers 480 V	Procurement and installation of 12 - 600 A, 480 V Breakers and 4 - 1,600 A, 480 V Breakers for Normal Bus 1A EESS	350,115.00
2045	Aguirre Power Plant	Design Fire Pump for Aguirre Power Complex	Design for an above ground piping lines to replace the obsolete underground piping system. The existing system has undetectable leakages.	-
3046	Costa Sur Power Plant	Travelling Screens Replacement	Removal and replacement of five galvanized steel travelling screens, with its auxiliary equipment of the power plant's sea water intake for the cooling of the condenser's of Units 5 and 6. The work shall include an infrastructure to protect the fish and other marine, in compliance with Section 316 (b) of the Clean Water Act.	5,000,000.00
3047	Costa Sur Power Plant	Procurement and Replacement of Regulator Valves for Boiler Feed Water Units 5 & 6	Replace the main boiler feedwater control valves for units 5&6. Actual valves are in bad conditions and the replacements are as expensive as the whole valve.	301,664.00
3048	Costa Sur Power Plant	Low Pressure Water Heater 3 Repair Work	Design, manufacture, provide, deliver and install new tubes for the Low pressure heater 3 for Unit 6	400,000.00
3049	Costa Sur Power Plant	Procurement of Water Heater 5 (Deaerator) Spare Pump	nt and delivery of a new spare pump for the water heater (deaerator)	400,000.00
3050	Costa Sur Power Plant	Procurement of Air-Preheaters Baskets, Unit 5	Procurement and delivery of hot and cold sections baskets and other components of the pre-heaters of Unit 5.	1,966,083.00

Appendix A - SOW Tracker




PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
3051	Costa Sur Power Plant	Replacement of Air-Preheaters Baskets, Unit 5	Removal and replacement of the existing air-preheaters cold and hot section's baskets, sector plates, adjusters, static seal, axial plates among other components and repair air heater out casing.	-
3052	Costa Sur Power Plant	Procurement of Condenser Circulating Water Pump (CCWP) and Boiler Circulating Water Pump (BCWP) Spare Motors for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations.	865,670.00
3053	Costa Sur Power Plant	Procurement of Induced Draft Fan (IDF) and Forced Draft Fan (FDF) Spare Motors for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations.	1,160,000.00
3054	Costa Sur Power Plant	Procurement of Condensate Pump (CP) Motor for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations.	870,000.00
3055	Costa Sur Power Plant	Replacement of Unit 5 Electric Load Center	Replacement of Auxiliary equipment load centers and breakers for turbines 5 and 6 due to obsolescence.	285,000.00
3056	Costa Sur Power Plant	Replacement of Excitation System Units 5 and 6	Procurement and installation of an upgrade for the excitation system. The manufacturer cease the production of spare parts.	2,760,934.00
3057	Costa Sur Power Plant	Replacement of 4160 V Electric Cable Normal Transformer 5A, 5B	Procurement and delivery of 6000 ft of special construction electrical cable (1500 Kcmil Insulation XLPE 5kv) to replace the cables of the Normal service transformers 5A & 5B.	375,000.00
3058	Costa Sur Power Plant	CS 5 Major Inspection Unit 5 - HP/IP/LP Turbine Rotor Replacement	Procurement for the inspection and refurbishment of the spare turbine rotors (HP/IP, LPA & LPB) for the October 2022 programmed outage	9,388,488.00
3059	Costa Sur Power Plant	CS 5 Major Outage Unit 5 - Boiler Sections Replacement and Repairs & Auxiliary Equipment Repairs	Procurement and delivery of materials and equipment for the October 2022 programmed outage	9,000,000.00

Appendix A - SOW Tracker



PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
3060	Costa Sur Power Plant	Water Heater 6 Replacement Work	Procurement and installation of the High pressure Heater 6 for unit 5.	2,000,000.00
3061	Costa Sur Power Plant	Caustic Soda and Acid tanks replacement works	Procurement and delivery of 4 stainless steel tanks (2 storage & 2 service) for the Demi water plant. One pair for soda ash and one pair for sulfuric acid. Installation by plant crew.	750,000.00
3062	Costa Sur Power Plant	Unit 6 - HP/IP/LP Inspection (Failure)	Perform the inspection and non-destructive testing on the Lower Pressure Turbine Rotor Segment B (LP-B) due to an event that caused a major failure on this component.	1,060,530.50
3063	Costa Sur Power Plant	BFWP Inner Barrel Bundle	Engineering and manufacture of an inner barrel bundle of the boiler feed water pump to be used in Unit 5 or 6.	1,625,954.00
3064	Costa Sur Power Plant	BFWP Inner Barrel Bundle	Engineering and manufacture of inner barrel of the boiler feed water pump	-
3065	Costa Sur Power Plant	Unit 6 LP-B Instalation Work (Failure)	Installation and commissioning of the repaired Low Pressure Rotor-B of the Power Turbine of Unit 6	2,076,415.00
3066	Costa Sur Power Plant	AGC - Replacement Project	Procurement and Delivery of New system for frequency/load control to replace the original one due to obsolescence (installed since 1973). There are not spare parts	400,000.00
3067	Costa Sur Power Plant	Fuel Igniters Replacement Work	Procurement and Delivery of New Natural Gas Igniters and Control System for Unit 6	2,364,000.00

## Appendix A - SOW Tracker



PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
3068	Costa Sur Power Plant	Upgrade to Foxboro Simulation System	Services of software and hard ware installation and programming to update the simulation station of the foxboro control system.	500,000.00
4069	Palo Seco Steam Plant	PS 3 Procurement and Delivery of Water Wall Boiler Tubes and Economizer Unit PS3	Manufacture, testing and delivery of a the following components of the Unit 3 boiler; the economizer and water wall boiler tubes.	4,028,051.20
4070	Palo Seco Steam Plant	PS 3 Low Pressure Turbine Rotor Refurbished, Unit 3	Inspection, transportation, maintenance and repair of the power turbine spare low pressure rotor.	3,500,000.00
4071	Palo Seco Steam Plant	Fuel Tanks Level Measurement System	Procurement and delivery of an integrated measurement, accounting, control, monitoring and temperature system for the power plant's fuel tanks.	550,000.00
4072	Palo Seco Steam Plant	Water Retention Tank Num. 3	Removal of existing steel water condensate storage tank. Design and Build of a new 150,000 gallons steel water retention tank,including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	800,000.00
4073	Palo Seco Steam Plant	Unit PS 4 Refractory, Insulation, scaffolding and Painting Application Works	Service of scaffolding installation, removal and installation of boiler's refractory and painting of stacks and other components of the Unit 4	700,000.00
4074	Palo Seco Steam Plant	Contract, on request, for Crane Services PS4	Service of heavy equipment such as 30 Ton, 50 Ton, 70 Ton, 100 Ton and 350 Ton cranes, including mobilization for the performance of repairs and major maintenance works of the main and auxilliary components of Units 3 and 4.	-



Appendix A - SOW Tracker

PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
4075	Palo Seco Steam Plant	Procurement Turning Gear System, Units 3 and 4	Purshase of new turning gear system for Units 3 or 4 replacement.	295,381.60
4076	Palo Seco Steam Plant	New Water Condensate 1-2 Tank	Removal of existing steel water condensate storage tank. Design and Build of a new 173,000 gallons steel water condensate storage tank,including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	1,000,000.00
4077	Palo Seco Steam Plant	Mega-Gens Environmental Comissioning	Perform all environmental and performance tests on three 27 Megawatts Combution Units to comply with EPA's Air Standards	-
4078	Palo Seco Steam Plant	Upgrade OSI DCS	Supply and installation of new Human Machine Interphase for operation and GIS control for both units 3, 4, Mega Gens 1, 2, 3 and Gas Turbines 1-6.	1,132,578.00
4079	Palo Seco Steam Plant	Upgrade to Mark VI e	Supply and installation of new Human Machine Interphase for operationl and turbine control for both units 3 and 4.	500,000.00
4080	Palo Seco Steam Plant	Unit 4, Superheater Header Num. 5 Material and Installation	Purshase and installation of Superheater 5 component of the Unit's 4 boiler.	2,243,385.00
4081	Palo Seco Steam Plant	Unit PS3 - Major Outage - Boiler Sections Replacement and Repairs; MPT, Generatior and turbine Repair & Auxiliary Equipment Inspection Work	Purchase and installation of Economizer elements and waterwalls upper sections replacement.. HP, IP and LP turbines inspection, maintenance and repair. MPT oil leakages repair and Auxiliary equipment	15,000,000.00
5082	Hydrogas Gas Turbine Peakers	Procurement of Spare Generator Breakers for Frame 5000 Hitachi Gas Turbines	Procurement and delivery of seven (7) 2000amp, 15.0kV rms (operational voltage - 13.18kv) spare main breakers to be used for the Frame 5000 Hitachi Gas Turbines during emergency or maintenance repair works.	-
5083	Hydrogas Gas Turbine Peakers	Procurement of Turbo-Compressors for Frame 5000 Gas Turbines	Procurement and delivery of two (2) Rating 23250KW, 17 stages, 2 stages, 5100 rpm re-build turbo-compressor for the Frame 5000-N Gas Turbines to be used during emergency or repair works. (Vega Baja Y Cost Sur)	-
5084	Hydrogas Gas Turbine Peakers	Procurement of Spare Speed Reduction Gear for Frame 5000 Gas Turbines	Procurement and delivery of two (2) 5094/3600 RPM, Rating; 28,000KW spare speed reduction gears for Frame 5000 Gas Turbines to be used during emergnecy of repair works. (Jobos)	-


Appendix A - SOW Tracker

PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
5085	Hydrogas Gas Turbine Peakers	New Spare Three Exhaust Plenums for Frame 5000 Gas Turbines	Fabrication and Delivery of three (3) 117.5" x 75.26" x 106.5" spare steel exhaust plenums for the Frame 5000 Gas Turbines to be used during repair works.	-
5086	Hydrogas Gas Turbine Peakers	Procurement of Three Exhaust Gas Diffusion Ducts for Frame 5000 Gas Turbines	Fabrication and Delivery of three (3) 41" Internal Diameter/ 46" External Diameter spare steel exhaust gas diffusion ducts the Frame 5000 Gas Turbines to be used during repair works.	-
5087	Hydrogas Gas Turbine Peakers	Major Outage Turbo -compressor (CT) 15 units	Major outage for all Frame 15 units which shall include repairs and overhaul of a defined scope as per-unit needs, in order to assure availability and reliability at most.	-
6088	Cambalache	Unit 1 Rehabilitation	Perform the required inspections, repair the exhaust gas housing and GT enclosure and filter house and replacement of all of the hot gas path components, turbo-compressor and blades and its related accessories of Gas Turbine Num. 1. Also, conversion of control system to Blue-Line similar to gas turbines 2 and 3, upgrade the combustor pulsation monitoring system, upgrade the automatic voltage regulator and upgrade the opacity monitoring system.	-
6089	Cambalache	Control System Power Plant Maintenance -Generator and Technical Services	Provide technical support and parts replacement for the generating unit control systems with Original Equipment Manufacturer trained technical advisors. The provided services will be a complete maintenance program for the continuous operations of the included equipment and its systems, especially for the obsolete equipment's. It will include parts replacement, software updates, backups, servers & network devices health issues solution and unexpected issues solutions.	-
6090	Cambalache	Automatic Voltage Regulator & SFC Upgrade for 2 Units	Upgrade of the obsolete electronic parts for the Automatic Voltage Regulator with the Synchronism Devices and the Static Frequency Converter systems for GT2 and GT3. The actual systems are the original ones installed in 1997	1,043,000.00
6091	Cambalache	LTSA Units Camb 1, 2, 3	Long Term Service Agreement for the A, B & C (Major) inspections on the Cambalache Units. Provide the technical advisors and consumables for all the inspections and the replacement of the scheduled Hot Gas Path parts (capital parts) The A & B are the minor inspections.	-

Appendix A - SOW Tracker

PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
7092	Mayaguez	Unit 1A, 1B and 4A Rehabilitation	Repairs of Gas Generator Components of Units 1A and 1B and Repairs of PT (Upgrade 2+) on Power Turbine on Unit 4A	17,995,020.00
8093	All Power Plants	Stamp R - Mechanical Repair Works for Boilers and Turbo-Generators Contract		-
8094	All Power Plants	Hydro-blasting Service for Condenser	Specila	-
8095	All Power Plants	Hydro-blasting Service for Boilers	Pressure washing and neutralization service of the internal and external components of the boiler and other areas of the PREPA's power plant's.	-
8096	All Power Plants	Interior Dry-Cleaning Service for Boilers		-
8097	All Power Plants	Electrical and Instrumentation works in power plants	Services of inspection, maintenance and repair of electrical auxiliary components and control systems necessary for the operation of the PREPA's power plants.	-
8098	All Power Plants	Procurement Acid for all power plants	Procurement and delivered of Acid substance used on the power plant for pH Control during water treatment of process water and demi-water treatment plant maintenance work.	-
8099	All Power Plants	Refractory, Insulation, stack and Painting Application Works	Services of removal and replacement of refractory material for boilers and stacks, and the removal and appliction of painting of stacks.	-
8100	All Power Plants	Scaffolding Inside and outside Boilers Works	Services of the rental, engineering, and fabrication of scaffolding systems to be used during maitnenance and repair works of the PREPA's power plants.	-
8101	All Power Plants	Waste Management Services Contract for Power Plants	Services of collection and deposit of non-hazardous waste materials and non-organic silt material collected from the sludge pools of the PREPA's power plants.	-

Appendix A - SOW Tracker



PREB No.	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	FEMA SOW
8102	All Power Plants	Non-Destructive Examinations and Inspection Services	Services of inspection and testing of repair processes such as welding of boiler tubes, construction or repair of water and fuel tanks.	-
8103	All Power Plants	Inspection and Maintenance Cargo Elevator	Inspection of and maintenance service of the cargo elevators used to transport personnel, materials and equipment necessary for the operation and maintenance of the PREPA's power plants.	-
8104	All Power Plants	Coating Application Boiler Structures and Chimneys All Power Plants	Supply all materials, equipment and services for the surface preparation and application of paint coating of all structural elements that supports all the power plant's boiler components and also the exhaust stacks.	-



## Annex C



## GOVERNMENT OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Executive Director | Josué A. Colón Ortiz | [director\\_ejecutivo@prepa.com](mailto:director_ejecutivo@prepa.com)


January 11, 2023

### ELECTRONIC MAIL

Jaime A. El Koury  
General Counsel  
Financial Oversight and Management  
Board for Puerto Rico (FOMB)  
PO Box 192018  
San Juan, Puerto Rico 00919-2018

Dear Mr. El Koury:

The Puerto Rico Electric Power Authority ("PREPA") is in receipt of the Fiscal Oversight and Management Board's (FOMB) letter dated December 27, 2022 (the December 27<sup>th</sup> Letter), regarding PREPA's request that the FY2023 PREPA Certified Budget be amended and recertified to address certain operational and maintenance needs. In said letter, the FOMB requests information it deems necessary to determine the appropriateness of PREPA's request.



PREPA would like to stress that since the current executive management team accepted the challenge of leading PREPA's operations during the third quarter of calendar year 2021, FOMB representatives have been directly and repeatedly informed (verbally and in writing) by PREPA representatives of the dire need to repair and maintain certain key generation units. From the onset, the newly named PREPA management team, led by the undersigned, met with Ms. Natalie Jaresko and Mr. Alejandro Figueroa, to inform and explain that the fiscal year 2021-2022 (FY2022) budget was insufficient to cover the projected repairs and maintenance needs of the legacy generation system. At the end of the fiscal year, PREPA invested all the approved FY2022 Budget for Necessary Maintenance Expenses (NME) to conduct repairs work in several generating units.

Notwithstanding PREPA's repairs projects completed during FY2022, those projects did not correct all the actual deficiencies in the legacy generation system and, thus, this system continues in need of repairs. To that end, PREPA respectfully requested that the FOMB urgently approve the amendment to the fiscal year 2022-2023 (FY2023) budget to allow PREPA to comply with its obligations and continue stabilizing the generation system and energy supply in Puerto Rico.



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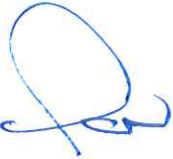
To support FOMB's decision-making process, below PREPA provides the requested clarifications and information for each of the items included in FOMB's December 27<sup>th</sup> Letter:

1. An updated Budget-to-Actual ("B2A") report for the most recent quarter of FY2023.

**PREPA is providing its most recent quarterly FY2023 B2A report (September) and most recent monthly FY2023 B2A report (October 2022) (See Exhibit A, attached). Additionally, PREPA will submit an updated monthly B2A report (November 2022) on January 17, as required under the FY2023 Certified Fiscal Plan.**

2. Confirmation on whether PREPA intends to use \$200 million of FEMA reimbursement funds to initiate projects that will later also be reimbursed by FEMA.

**PREPA confirms that it intends to use reimbursement funds from the Federal Emergency Management Agency (FEMA) to initiate Federally Funded Projects that have been and will be authorized by FEMA and the Puerto Rico Energy Bureau (PREB), which will be reimbursed by FEMA. Please see response to item # 7 for additional context.**

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3. As stated in the December 8, 2022 Letter, the FEMA reimbursement funds mentioned are not part of and currently have no impact on the FY2023 PREPA Certified Budget. Also, you stated that those funds are not derived from the sale of energy during FY2023. As such, please provide a complete and detailed description of the source of funds of the reimbursements received including: (a) year, (b) FEMA PW source, (c) type of project, (d) classification (T&D or Generation), and (e) any other supporting documentation that clearly describes and identifies the origin of the funding.

**PREPA reiterates that the statement regarding the FEMA reimbursement funds in its December 8, 2022 letter is correct. Please see the attached Exhibit B, which shows the information requested in this item regarding the origin of the funding.**

4. PREPA seeks authorization to increase the FY2023 PREPA Certified Budget by \$200 million to undertake much needed works, including but not limited to, engineering tasks and the projects listed on Appendix A to the December 8, 2022 Letter. However, not all projects listed in Appendix A include a cost and the sum of the costs included exceeds the requested \$200 million budget increase request by approximately \$2.7 million. Please explain such variance.

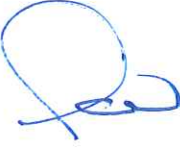
**Please see an updated and revised project list included as Exhibit C. As stated in PREPA's December 8, 2022 letter, which formally requests the amendment and recertification of the Fiscal Year 2023 Certified Budget (the**



December 8 Letter), PREPA sought authorization to increase the FY2023 Budget by \$200 million to undertake much needed works, including (but not limited) engineering tasks and the PREB approved projects listed on the attached Appendix A. The request included a table which broke down the petition into the following major categories:

Expenses	Amount
Federally Funded Projects	\$140,000,000.00
Necessary Maintenance Expenses	\$40,000,000
Operational Works	\$20,000,000
Total:	\$200,000,000

The fact that the total amount of this petition and the total amount of the PREB approved projects, which have in turn been authorized by FEMA under various Project Worksheets (PWs) of \$202,687,713.17, is merely coincidental. Furthermore, the December 8 Letter states that said projects would initially be funded by the FEMA reimbursement funds received. As such, there is no variance between the budget amount increase and the total amount of the PREB approved projects.

- 
5. The Oversight Board's staff held several working sessions with PREPA to discuss a possible budget amendment. During the discussions held, PREPA mentioned that it would potentially request to increase the budget by approximately \$140 million, as opposed to \$200 million mentioned. Please explain the inconsistency between the two amounts and why an additional \$60 million are needed.


Various working sessions were held with the FOMB to seek guidance and to establish the framework for a possible budget increase request. During these working sessions, many of the necessary works to be undertaken were discussed as well as the initial source of funds. FEMA reimbursements and how most of the related projects needed would proceed was the primary focus of the sessions. The need for additional funding for non-FEMA eligible projects and operational expenses was asked and discussed.

When FOMB staff inquired about the estimated budgetary need, PREPA estimated that \$140,000,000 would be sufficient to undertake the PREB and FEMA approved projects, without including any amounts for either non-FEMA eligible projects or operational expenses. Upon completion of the working session, PREPA staff set out to draft the formal request and the PREPA agreed upon necessary budgetary increase was that of \$200,000,000.

After consulting with its advisors and analyzing the process to access federal funding, PREPA hereby amends the December 8 request, and is solely requesting that FOMB authorize an amendment to the FY2023 Budget

solely requesting that FOMB authorize an amendment to the FY2023 Budget to allow for an incremental \$20 million in operational expenses and \$40 million in Necessary Maintenance Expense, as allocated in the tables in Exhibit E.

PREPA further clarifies that it has concluded that there is no requirement that would merit the creation of a new budget expense line items for Federally Funded Projects in the FY2023 PREPA Certified Budget nor is there a need for an amendment to the FY2023 Budget to allow for execution of the Federally Funded Projects. For Federally Funded Projects, PREPA will move forward with permanent work with the condition that the proposed project or scope of work must be formally authorized by PREB and FEMA, through a FEMA approved Project Worksheet (PW), and must be 100% reimbursable from federal and local government sources. As a result, the works undertaken related to the new account(s) will have no impact on the FY2023 PREPA Certified Budget since the funds for said projects will not be derived from the sale of energy.

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8. In the November 16, 2022 working session, PREPA mentioned that B2A reports are being prepared and submitted on a cash basis. In order to correctly validate how the budget stands against FY2023 PREPA Certified Budget line-items, please provide the latest B2A report using the modified accrual basis. Also, please provide the status and dollar amount of the projects under procurement process that are expected to be obligated during FY2023.

PREPA hereby corrects and clarifies that FY2023 B2A reports have been and will continue to be presented using the modified accrual accounting basis. For example, PREPA does not present monthly cash payments to fuel suppliers in the "Fuel Expense" line item, but rather presents the accounting cost of fuel consumed from fuel inventory, which is consistent with figures presented and used in the PREB reconciliation process.


Regarding the request for status and dollar amount of projects to be obligated during FY2023, PREPA does not have direct line-of-sight into FEMA's process and expected timeline for obligating projects, in order to provide the requested information. However, PREPA has provided the available status information on proposed project costs and approvals from FEMA and PREB in the response document referenced in Exhibits C and D.

9. During conversations held between PREPA and the Oversight Board's staff, PREPA stated that many of the proposed maintenance projects ended up not being executed due to the PREPA Governing Board not authorizing a certification of funds if such certification did not cover 100% of the proposed projects. Please explain how the requested amendment and recertification of the FY2023 PREPA Certified Budget compares to the requests being made to the PREPA Governing



to allow for an incremental \$20 million in operational expenses and \$40 million in NME, as allocated in the attached tables (See Exhibit E). Please, see the explanation below in item # 7 for further clarification on this request.

When the December 8 Letter requesting the budget amendment was drafted, PREPA's FEMA reimbursement account totaled \$372 million. This total consisted of \$147 million of restricted COR3 advances, \$25 million were earmarked for fuel payments, and a remaining balance of \$200 million. The budget amendment request was to be funded by FEMA cash reimbursements from that account and not from the sale of energy, so the \$200 million was divided between the \$60 million needed for NME and operational expenses and a remainder of \$140 million, for federally funded projects.

- 
6. Appendix A to the December 8, 2022 Letter includes a list of 104 projects, which you mention have been authorized by the Puerto Rico Energy Bureau under multiple Resolutions and Orders. Please identify the Resolutions and Orders that authorize each project. Additionally, please provide a chronological timeline for these projects, with start and completion dates, based on their priority, as discussed on our working session held on November 16, 2022. Please inform whether PREPA understands it will be able to undergo these works during FY2023, along with completing the projects that are currently contemplated in the FY2023 PREPA Certified Budget.

The list of projects in Appendix A of PREPA's December 8 letter includes those generation repairs projects or scope of works (SOWs) submitted for PREB's approval since January 2022. Hereby, we clarify that not all the SOWs listed in Appendix A have been approved by the PREB. For more clarification of this matter, please see Exhibits C and D. Exhibit C shows the PREB's approval status of each SOW submitted by PREPA and the date of the Resolution and Order approving or deferring the SOW. In addition, the Exhibit D lists the commencement and completion dates of the 104 SOWs and shows that there are projects that were already completed.

7. The December 8, 2022 Letter provides a table dividing the \$200 million requested amount into three expense categories or line items: Federally Funded Projects, Necessary Maintenance Expenses, and Operational Works. These line items do not exist in the FY2023 PREPA Certified Budget. Please provide clarification on the \$200 million proposed budget allocation; specifically, if the request is to only increase GenCo's Maintenance line item or if you are suggesting the addition of new expense line items. Additionally, please confirm the proposed allocation between the proposed line items.

After consulting with its advisors and analyzing the process to access federal funding, PREPA hereby amends the December 8 request, and is

Board based on requirements established by the entity's bylaws. Please also provide the bylaws where such policy, regarding the certification of funds authorization, is stated.

**The requested \$60 million FY2023 budget amendment is sized to deal with projected FY2023 operational and maintenance expenditures, as set forth in Exhibit E. As explained in the meeting held with FOMB representatives, these expenditures are necessary to ensure that PREPA can continue to responsibly comply with its operational and legal obligations, which includes ensuring the availability of sufficient generation capacity to supply energy to customers.**

**The statements made in the meeting were relevant to projects that have long-lead times and/or are multi-year projects, or for which there is not sufficient budgeted funding on a particular year. The fund certification process does not emanate from the Governing Board's bylaws. Instead, it is a sound administrative practice, put in place by the Governing Board, to ensure that there is sufficient funding available for any project or contract presented for approval before the Governing Board.**

**For additional background regarding the requested FY2023 budget amendment amounts, please refer to PREPA's responses to items # 7 and 8.**

PREPA appreciates the FOMB's attention in this matter and is able to provide supplemental information or clarification as deemed necessary.

Cordially,



Josué A. Colón Ortiz  
Executive Director

Annexes

# Financial Oversight & Management Board for Puerto Rico

## Puerto Rico Electric Power Authority

Report Date 12/15/2022



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## FY23 Monthly B2A Summary

(\$ millions)

	October-22				YTD			
	Oct-22 Budget	Oct-22 Actual	Oct-22 Variance (\$)	Oct-22 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
<b>Summary</b>								
<b>A. Revenue</b>								
Total Gross Revenue	455	368	(87)	(19.1%)	1,856	1,743	(113)	(6.1%)
Other Income	3	1	(2)	(67.9%)	12	11	(1)	(11.1%)
Total Unconsolidated Revenue	\$ 458	\$ 369	\$ (89)	(19.4%)	\$ 1,868	\$ 1,754	\$ (115)	(6.1%)
Bad Debt Expense	(6)	-	6	(100.0%)	(25)	(1)	24	(97.2%)
CLT & Subsidies	(31)	(0)	31	(98.9%)	(127)	(94)	33	(26.0%)
Total Consolidated Revenue	\$ 421	\$ 369	\$ (52)	(12.4%)	\$ 1,717	\$ 1,659	\$ (58)	(3.4%)
<b>B. Expenses</b>								
Fuel & Purchased Power	\$ 330	\$ 328	\$ 2	0.5%	\$ 1,325	\$ 1,271	\$ 54	4.1%
<b>GenCo:</b>								
GenCo Labor Operating Expenses	\$ 7	\$ 7	\$ 1	10.4%	\$ 29	\$ 26	\$ 3	10.6%
GenCo Non-Labor/Other Operating Expense	\$ 5	\$ 8	\$ (3)	(57.2%)	\$ 20	\$ 23	\$ (3)	(14.4%)
Shared Services Agreement Impact	\$ 5	\$ 5	\$ (0)	(0.4%)	\$ 20	\$ 19	\$ 0	2.3%
Total GenCo Maintenance Projects Expense	\$ 8	\$ 7	\$ 1	11.9%	\$ 33	\$ 18	\$ 15	45.3%
Federal Funding Cost Share	\$ -	\$ -	\$ -	n.a.	\$ -	\$ -	\$ -	n.a.
Total GenCo Operating & Maintenance Expenses	\$ 25	\$ 27	\$ (1)	(4.3%)	\$ 102	\$ 86	\$ 16	15.4%
<b>HoldCo:</b>								
HoldCo Labor Operating Expenses	\$ 1	\$ 1	\$ (0)	(13.7%)	\$ 4	\$ 5	\$ (1)	(26.0%)
HoldCo Non-Labor / Other Operating Expenses	\$ 5	\$ 3	\$ 2	41.3%	\$ 22	\$ 18	\$ 4	19.2%
Total HoldCo Operating Expenses	\$ 7	\$ 4	\$ 2	32.6%	\$ 26	\$ 23	\$ 3	12.0%
<b>GridCo:</b>								
Total GridCo Operating & Maintenance Expenses	\$ 63	\$ -	\$ 63	100.0%	\$ 257	\$ 165	\$ 92	35.7%
Total Expenses	\$ 425	\$ 359	\$ 66	15.47%	\$ 1,710	\$ 1,546	\$ 164	9.61%
<b>C. Net Balance</b>	\$ (4)	\$ 10	\$ (14)	346.87%	\$ 7	\$ 114	\$ (107)	-1575.26%

## FY23 Monthly Revenues

	July-22				August-22				September-22				October-22				YTD			
	July-22 Budget	July-22 Actual	July-22 Variance (\$)	July-22 Variance (%)	Aug-22 Budget	Aug-22 Actual	Aug-22 Variance (\$)	Aug-22 Variance (%)	Sep-22 Budget	Sep-22 Actual	Sep-22 Variance (\$)	Sep-22 Variance (%)	Oct-22 Budget	Oct-22 Actual	Oct-22 Variance (\$)	Oct-22 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
<b>Basic Revenue</b>																				
1 Residential	40	38	(2)	(4.5%)	30	33	(3)	(7.2%)	38	35	(3)	(7.6%)	38	35	(3)	(7.6%)	155	152	(3)	(1.9%)
2 Commercial	13	12	(1)	(7.7%)	50	43	(7)	(14.0%)	51	40	(11)	(21.6%)	52	40	(12)	(23.1%)	203	182	(21)	(10.4%)
3 Industrial	9	8	(1)	(11.1%)	9	9	0	0.0%	9	9	0	0.0%	9	8	(1)	(11.1%)	35	34	(1)	(2.9%)
4 Public Lighting	5	4	(1)	(20.0%)	5	5	0	0.0%	5	5	0	0.0%	5	5	0	0.0%	20	18	(2)	(10.0%)
5 Agricultural	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	1	1	0	0.0%
6 Others	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	1	1	0	0.0%
<b>Total Basic Revenue</b>	<b>105</b>	<b>72</b>	<b>(33)</b>	<b>(31.6%)</b>	<b>103</b>	<b>93</b>	<b>(11)</b>	<b>(10.3%)</b>	<b>107</b>	<b>98</b>	<b>(9)</b>	<b>(8.6%)</b>	<b>104</b>	<b>78</b>	<b>(26)</b>	<b>(25.1%)</b>	<b>424</b>	<b>340</b>	<b>(84)</b>	<b>(19.8%)</b>
<b>Fuel &amp; Purchased Power</b>																				
7 Residential	150	176	26	16.9%	146	135	(11)	(7.6%)	142	116	(26)	(18.0%)	135	96	(39)	(28.7%)	577	526	(51)	(8.8%)
8 Commercial	145	128	(17)	(11.7%)	144	144	0	0.0%	145	130	(15)	(10.3%)	142	129	(13)	(9.2%)	575	591	16	2.8%
9 Industrial	36	44	8	22.0%	37	37	0	0.0%	35	29	(6)	(15.1%)	33	30	(3)	(9.1%)	140	139	(1)	(0.6%)
10 Public Lighting	4	6	2	50.0%	4	6	2	50.0%	4	5	1	25.0%	4	7	3	75.0%	17	23	6	35.3%
11 Agricultural	0	1	1	100.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	3	3	0	0.0%
12 Others	1	1	0	0.0%	1	1	0	0.0%	1	1	0	0.0%	1	1	0	0.0%	3	3	0	0.0%
<b>Total Purchased Power</b>	<b>337</b>	<b>415</b>	<b>79</b>	<b>23.3%</b>	<b>332</b>	<b>323</b>	<b>(9)</b>	<b>(2.7%)</b>	<b>326</b>	<b>281</b>	<b>(45)</b>	<b>(13.9%)</b>	<b>319</b>	<b>265</b>	<b>(54)</b>	<b>(16.9%)</b>	<b>1,314</b>	<b>1,285</b>	<b>(29)</b>	<b>(2.2%)</b>
<b>GLT</b>																				
13 Residential	5	6	1	20.0%	4	4	0	0.0%	4	4	0	0.0%	4	3	(1)	(25.0%)	18	17	(1)	(5.6%)
14 Commercial	4	6	2	50.0%	4	5	1	25.0%	4	4	0	0.0%	5	3	(2)	(40.0%)	18	19	1	5.6%
15 Industrial	1	2	1	100.0%	1	1	0	0.0%	1	1	0	0.0%	1	1	0	0.0%	4	4	0	0.0%
16 Public Lighting	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	1	1	0	0.0%
17 Agricultural	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
18 Others	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
<b>Total GLT</b>	<b>10</b>	<b>14</b>	<b>4</b>	<b>39.1%</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0.0%</b>	<b>10</b>	<b>7</b>	<b>(3)</b>	<b>(30.0%)</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>0.0%</b>
<b>Subsidies</b>																				
19 Residential	10	10	0	0.0%	10	8	(2)	(20.0%)	9	7	(2)	(22.2%)	10	7	(3)	(30.0%)	38	32	(6)	(15.8%)
20 Commercial	9	10	1	10.0%	9	8	(1)	(11.1%)	8	8	0	0.0%	9	9	0	0.0%	38	35	(3)	(7.9%)
21 Industrial	2	2	0	0.0%	2	2	0	0.0%	2	2	0	0.0%	2	2	0	0.0%	9	8	(1)	(11.1%)
22 Public Lighting	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	1	1	0	0.0%
23 Agricultural	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
24 Others	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
<b>Total Subsidies</b>	<b>22</b>	<b>23</b>	<b>1</b>	<b>5.0%</b>	<b>22</b>	<b>18</b>	<b>(4)</b>	<b>(17.6%)</b>	<b>21</b>	<b>18</b>	<b>(3)</b>	<b>(14.3%)</b>	<b>22</b>	<b>18</b>	<b>(4)</b>	<b>(18.2%)</b>	<b>87</b>	<b>77</b>	<b>(10)</b>	<b>(11.5%)</b>
<b>Total Revenue</b>																				
25 Other income	474	525	51	10.7%	467	444	(23)	(4.9%)	460	406	(54)	(11.7%)	455	368	(87)	(19.1%)	1,856	1,743	(113)	(6.1%)
<b>Total Gross Revenue</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>
26 Bad Debt Expense	(6)	(0)	6	(96.5%)	(6)	(0)	6	(96.5%)	(6)	(0)	6	(96.5%)	(6)	(0)	6	(96.5%)	1,861	1,743	(118)	(6.3%)
27 CIP & Subsidies	438	406	32	(7.3%)	433	418	(15)	(3.5%)	433	379	(54)	(12.5%)	421	369	(52)	(12.4%)	1,727	1,609	(118)	(6.8%)
<b>Total Consolidated Revenue</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>

## FY23 Monthly Expenses

(\$ million)

	July 22			August 22			September 22			October 22			YTD		
	July 22 Budget	July 22 Actual	July 22 Variance (b)	Aug 22 Budget	Aug 22 Actual	Aug 22 Variance (b)	Sep 22 Budget	Sep 22 Actual	Sep 22 Variance (b)	Oct 22 Budget	Oct 22 Actual	Oct 22 Variance (b)	YTD Budget	YTD Actual	YTD Variance (b)
<b>A. Fuel and Purchased Power</b>															
31	363	353	10	359	361	(2)	335	318	16	257	255	2	1,014	987	27
32	68	64	3	75	70	5	73	59	14	66	68	(2)	282	262	20
33	6	7	(1)	8	7	1	6	3	3	5	2	2	29	22	7
30	339	324	14	342	338	5	314	281	33	330	318	12	1,282	1,271	11
			4.2%			1.5%			10.6%			0.5%			4.1%
<b>B. Gridco, Generation &amp; Maintenance Expenses</b>															
<b>Gridco</b>															
31	4	3	0	4	3	1	4	3	0	4	3	1	15	13	2
32	2	2	0	2	2	0	2	2	0	2	2	0	10	7	3
33	1	1	0	1	1	0	1	1	0	1	1	0	4	5	(1)
34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>Generation</b>															
35	7	2	5	7	6	1	7	5	2	7	5	2	20	23	(3)
36	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
37	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
38	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
39	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
40	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
41	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
42	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>Maintenance</b>															
43	5	4	1	5	6	(1)	5	4	1	5	8	(3)	20	23	(3)
			18.8%			(20.0%)			20.0%			(60.0%)			(30.0%)
			12.3%			(15.3%)			11.3%			(10.4%)			2.3%
<b>Non-Labor/Other Operating Expenses</b>															
35	2	2	0	2	3	(1)	2	3	(1)	2	2	0	7	10	(3)
36	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
37	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
38	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
39	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
40	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
41	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
42	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>C. Gridco, Generation &amp; Maintenance Expenses</b>															
<b>Gridco</b>															
44	8	0	8	8	4	4	8	6	2	8	7	1	33	31	2
45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			99.8%			45.7%			25.0%			12.5%			45.3%
<b>Generation</b>															
46	1	1	0	1	1	0	1	1	0	1	1	0	3	3	0
47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>Maintenance</b>															
49	1	1	0	1	1	0	1	1	0	1	1	0	3	3	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>Non-Labor/Other Operating Expenses</b>															
50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
57	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
58	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
59	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>D. Gridco, Generation &amp; Maintenance Expenses</b>															
60	21	24	(3)	21	23	(2)	21	24	(3)	20	24	(4)	84	65	19
61	25	19	6	25	23	2	24	24	0	24	24	0	98	65	33
62	10	10	0	10	10	0	10	10	0	10	10	0	40	40	0
63	1	1	0	1	1	0	1	1	0	1	1	0	4	4	0
64	5	5	0	5	5	0	5	5	0	5	5	0	20	20	0
			0.0%			0.0%			0.0%			0.0%			0.0%
<b>Total Gridco Operating &amp; Maintenance Expenses</b>															
	434	399	35	439	429	10	432	399	34	425	339	86	1,712	1,546	166
			8.2%			2.3%			11.0%			15.4%			9.6%



**Puerto Rico Electric Power Authority**

**Variance Detail**

**FISCAL YEAR 2023**

**12/15/2022**

Variance #1

FOMB Category: [Maintenance]

Account: Generation

Expenses	Budget YTD	Actual YTD	Budget Variance (\$)	Variance YTD (%)
Generation	\$ 33	\$ 18	15	45.29%

**Variance Explanation**

Due to the complexities of aggregating project costs and determining if capitalization policy and other accounting guidelines have been met, interim monthly accounting does not consistently reflect the actual progress on NME.

**Root Cause**

Constrained administrative and finance resources.

**Corrective Action**

PREPA Finance and Generation directorates are currently exploring process improvements to better report NME spend with existing limited resources.



**Puerto Rico Electric Power Authority**  
**Pension and Benefits**  
**FISCAL YEAR 2023**  
**As Of: 10/24/2022**

GenCo - Pension and Benefits

	<u>July-22</u>	<u>August-22</u>	<u>September-22</u>	<u>October-22</u>
<i>Pension Benefits</i>	1,080,209	1,044,789	1,055,362	930,796
<i>Loan Guaranties</i>	1,884	1,822	1,841	1,623
<i>Work Comp Insurance</i>	117,553	113,699	114,849	101,293
<i>Social Security</i>	193,850	187,494	189,391	167,037
<i>Medicare</i>	45,401	43,912	44,357	39,121
<i>Christmas Bonus</i>	42,764	41,362	41,780	36,849
<i>Health Plan</i>	402,205	389,017	392,954	346,573
<b>Total</b>	<b>1,883,866</b>	<b>1,822,095</b>	<b>1,840,534</b>	<b>1,623,292</b>

HoldCo - Pension and Benefits

<i>Pension Benefits</i>	244,809	242,550	317,192	231,798
<i>Loan Guaranties</i>	427	423	553	404
<i>Work Comp Insurance</i>	26,641	26,395	34,518	25,225
<i>Social Security</i>	43,932	43,527	56,922	41,597
<i>Medicare</i>	10,289	10,194	13,332	9,742
<i>Christmas Bonus</i>	9,692	9,602	12,557	9,177
<i>Health Plan - Regular</i>	91,152	90,311	118,104	86,308
<b>Total</b>	<b>426,943</b>	<b>423,003</b>	<b>553,178</b>	<b>404,251</b>

PW	EVENT	PW Name	Year Obligated	Category	Type of Project (Category)	Classification	Amount Disbursed by FEMA (COP)	Transfer to	Type
PA-02-PR-4339-PW-09504	Emergency Maria Huracan	St. James Securities	2021	B	Emergency Protective Measure	T&D	70,119	1/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-08937	Emergency Maria Huracan	Whitfish	2021	B	Emergency Protective Measure	T&D	67,990,776	1/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05838	Emergency Maria Huracan	Green Plant	2021	B	Emergency Protective Measure	T&D	230,494	1/18/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-07907	Emergency Maria Huracan	All Contractors	2021	B	Emergency Protective Measure	T&D	48,740	2/1/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05910	Emergency Maria Huracan	C. Principe Electrical Contractors	2021	B	Emergency Protective Measure	T&D	1,400,000	2/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-04233	Emergency Maria Huracan	FM Technology	2021	B	Emergency Protective Measure	T&D	335,003	2/10/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00351	Emergency Maria Huracan	COBRA 231	2017	B	Emergency Protective Measure	T&D	40,430,832	2/18/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00294	Emergency Maria Huracan	UGE	2018	B	Emergency Protective Measure	T&D	199,022	3/4/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00294	Administrative Maria Huracan	Management Cost - Maria	2020	Z	Management Cost	T&D	7,575,342	3/4/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00302	Emergency Maria Huracan	FL	2018	B	Emergency Protective Measure	T&D	1,927,977	3/29/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative Maria Huracan	Management Cost - Maria	2020	Z	Management Cost	T&D	12,197,687	4/8/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-08937	Emergency Maria Huracan	Whitfish	2021	B	Emergency Protective Measure	T&D	35,054,512	4/8/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00306	Emergency Maria Huracan	US Contractor Inspections (MEQ) 90%	2021	Z	Management Cost	T&D	767,954	4/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00372	Emergency Irma Huracan	Perfect Integrated Solutions	2020	B	Emergency Protective Measure	T&D	404,037	5/20/2022	Contract Cost Reimbursement
PA-02-PR-3384-PW-00072	Emergency Irma Huracan	Pro Energy	2018	B	Emergency Protective Measure	T&D	3,542	5/20/2022	Contract Cost Reimbursement
PA-02-PR-3384-PW-00083	Emergency Irma Huracan	EMCCO	2020	B	Emergency Protective Measure	T&D	16,654	5/20/2022	Contract Cost Reimbursement
PA-02-PR-3384-PW-00150	Emergency Maria Huracan	Southern	2018	B	Emergency Protective Measure	T&D	34,608	5/20/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00293	Emergency Maria Huracan	Keelon	2018	B	Emergency Protective Measure	T&D	1,206,312	5/25/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00638	Emergency Maria Huracan	Earthquake Force Account T&D	2022	B	Emergency Protective Measure	T&D	1,929,810	5/27/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00301	Emergency Maria Huracan	Duke	2018	B	Emergency Protective Measure	T&D	517,941	6/13/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00591	Emergency Maria Huracan	Costa Sur Energy Repairs	2022	B	Emergency Protective Measure	T&D	1,458,509	6/14/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10055	Emergency Irma Huracan	FAAS (Equipment and Materials)	2022	F	Capital Improvement Measure	T&D	7,062,983	6/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00054	Emergency Irma Huracan	Lord Electric	2018	B	Emergency Protective Measure	T&D	13,523,814	6/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00105	Emergency Maria Huracan	Pacific Gas & Electric Company	2019	B	Emergency Protective Measure	T&D	31,836	6/24/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10669	Yermantown Work Maria Huracan	FAAS (Paio seco 002 - Auxiliary Infrastructure	2022	F	Capital Improvement Measure	T&D	5,985	7/8/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10568	Yermantown Work Maria Huracan	FAAS Aguirre Power Plant 001 Infrastructure	2022	F	Capital Improvement Measure	T&D	783,555	7/8/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10569	Yermantown Work Maria Huracan	FAAS Aguirre Power Plant 002 Infrastructure	2022	F	Capital Improvement Measure	T&D	682,035	7/14/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01105	Emergency Maria Huracan	FAAS Costa Sur 002 - Infrastructure projects (	2022	F	Capital Improvement Measure	T&D	281,250	7/14/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01105	Emergency Maria Huracan	FAAS	2019	B	Emergency Protective Measure	T&D	47,885	7/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10710	Yermantown Work Maria Huracan	Pacific Gas & Electric Company	2022	F	Capital Improvement Measure	T&D	910,961	8/4/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Emergency Protective Measure	T&D	147,622,822	8/18/2022	Capital Improvement Advancement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Emergency Protective Measure	T&D	37,586,651	8/19/2022	Capital Improvement Advancement
PA-02-PR-4339-PW-10455	Yermantown Work Maria Huracan	FAAS (Paio seco 002 - Auxiliary Infrastructure	2022	F	Capital Improvement Measure	T&D	10,017,956	8/19/2022	Capital Improvement Advancement
PA-02-PR-4473-PW-00697	Earthquake	Costa Sur Discharge Channel	2022	F	Capital Improvement Measure	T&D	2,421,482	8/19/2022	Capital Improvement Advancement
PA-02-PR-4473-PW-00638	Earthquake	Earthquake Force Account T&D	2022	F	Capital Improvement Measure	T&D	59,919	8/25/2022	Capital Improvement Advancement
PA-02-PR-4339-PW-00015	Emergency Maria Huracan	WEC	2018	B	Emergency Protective Measure	T&D	3,055,106	9/19/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative Maria Huracan	Management Cost - Maria	2020	Z	Management Cost	T&D	342,284	9/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00296	Emergency Maria Huracan	Xcel	2018	B	Emergency Protective Measure	T&D	5,832,589	9/23/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00304	Emergency Maria Huracan	AMEREN	2018	B	Emergency Protective Measure	T&D	413,315	9/23/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00291	Emergency Maria Huracan	XGL	2018	B	Emergency Protective Measure	T&D	417,608	9/27/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00358	Emergency Maria Huracan	Costa Sur Tanks	2022	F	Capital Improvement Measure	T&D	68,425	9/30/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00682	Earthquake	Costa Sur Tanks	2022	F	Capital Improvement Measure	T&D	19,813,410	10/6/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05838	Emergency Irma Huracan	C. Principe Electrical Contractors	2021	B	Emergency Protective Measure	T&D	2,846,414	10/11/2022	Contract Cost Reimbursement
PA-02-PR-3384-PW-00145	Emergency Irma Huracan	Retires	2020	B	Emergency Protective Measure	T&D	25,610	10/13/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-03775	Emergency Maria Huracan	Retires 90%	2019	B	Emergency Protective Measure	T&D	11,814	10/13/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00923	Emergency Maria Huracan	UGE	2020	B	Emergency Protective Measure	T&D	4,482	10/13/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Emergency Protective Measure	T&D	2,493	10/13/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00038	Earthquake	Earthquake Peaking Units	2020	B	Emergency Protective Measure	T&D	452,651	10/13/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10568	Yermantown Work Maria Huracan	FAAS Aguirre Power Plant 002 Units 1 & 2	2022	F	Capital Improvement Measure	T&D	51,999,184	10/27/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative Maria Huracan	Management Cost - Maria	2020	Z	Management Cost	T&D	29,828	10/27/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative Maria Huracan	Management Cost - Maria	2020	Z	Management Cost	T&D	9,040,166	11/25/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10568	Yermantown Work Maria Huracan	FAAS Aguirre Power Plant 002 Units 1 & 2	2022	F	Capital Improvement Measure	T&D	316,470	11/25/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01110	Emergency Maria Huracan	Southern California Edison Co.	2020	F	Capital Improvement Measure	T&D	141,950	12/12/2022	Contract Cost Reimbursement
		Total	2020	B	Emergency Protective Measure	T&D	315,216,600	12/12/2022	Contract Cost Reimbursement
			2020	B	Emergency Protective Measure	T&D	11,146,84	12/16/2022	Contract Cost Reimbursement
							490,691,173.65		



PREB SOW Approval Status

Approved	98	306,177,913.16
Deferred	4	52,000,000.00
Pending	0	
Consolidated	2	
	104	

Exhibit C

Work to be Performed SOP II.2.									
PREB	1.1 Facility Name	Project Name	2.1 Proposed Scope of Work	Submitted SOW	Date of Submittal	PREB Approval	SOW PREB Resolution	Amount Approved	FEMA SOW
1001	San Juan Power Plant	Units 5 Cooling Tower Replacement	Removal of existing cooling towers; design, build, installation, start up and commissioning of two new three cells cooling towers, model S1E 1222-02Q 3/5V, manufactured by Baltimore Ancon Company (BAC), with its Lakos Tower Clean Filtration System.	1,887,145.00	1/11/2022	Approved	2/11/2022	1,887,145.00	1,887,145.00
1002	San Juan Power Plant	Units 5 New High Pressure Pumps	Procurement and delivery of two high pressure water centrifugal pumps with a capacity of 276.6 cubic meter per hour and technical assistance to PREPA for the installation.	1,600,000.00	1/26/2022	Approved	3/9/2022	1,600,000.00	1,600,000.00
1003	San Juan Power Plant	Units 5 Condenser Repair and Coating Application	Rehabilitation and application of anti-corrosive coating for the water boxes and intake pip'n of the east side of the Unit condenser.	1,031,250.00	1/11/2022	Approved	2/11/2022	1,031,250.00	1,031,250.00
1004	San Juan Power Plant	Units 5 High Pressure Bleed Valve, Low Pressure Bleed Valve and Heat Injection Steam Valve	Purchase of equipment and parts for the replacement and installation of Varesa 33,000 Trips Offset Automated Valves - Steam Injection Block Valves & Bleed Valves	374,237.00	1/11/2022	Approved	2/11/2022	374,237.00	374,237.00
1005	San Juan Power Plant	Units 5 and 6 Black Start Emergency Generator Upgrade	Upgrade the control system for the black start diesel generator system San Juan CTG 5 & 6. - Initial verification and assessment of current system configuration and setup versus electrical drawings and original designed configurations - Engineered / retrofitted control system integration and installation (plc and hmi) - Assure communication between plc and ovation distributed control system at operator control room for remote and fully automated operation - Commissioning and startup support - Control system drawings and manuals - Final Testing and Inspection	348,509.53	1/11/2022	Approved	2/11/2022	348,509.53	348,509.53
1006	San Juan Power Plant	Units 5 Replacement of Outlet Valves and Elbow Condenser	Remove and replacement of the existing outlet valve and 42 inch diameter steel elbows, which are part of the outfall of the seawater use to cool down the condensers of both Units 5 and 6.	673,667.00	1/11/2022	Approved	2/11/2022	673,667.00	673,667.00
1007	San Juan Power Plant	Unit 7 Air Preheater Maintenance and Replacement	Removal and replacement of the existing air-preheaters cold and hot section's baskets, sector plates, adjusters, static seal, axial plates among other components and repair air heater out casing.	600,000.00	1/26/2022	Approved	3/9/2022	600,000.00	600,000.00
1008	San Juan Power Plant	Repairs to Nautilus Water Treatment System	Structural repair of steel floor, walls, application of interior and exterior anti-corrosive coating.	250,000.00	1/26/2022	Approved	3/9/2022	250,000.00	250,000.00
1009	San Juan Power Plant	Cooling Tower Unit 10 Repairs Works	These technical specifications cover the work required under this Contract for the design, manufacture, delivery and erection for one (1) new cell of 3,000 GPM, and the dismantling of the one (1) existing cell of the cooling towers of the units 10 PREPA's San Juan Plant.	385,000.00	7/4/2022	Approved		385,000.00	-
1010	San Juan Power Plant	Replacement of Two Uninterruptible Power Supply Systems for Units 7 and 8	- Replacement of 480 Vac Cables from emergency UPS - Replacement of 130 Vac Cables from emergency UPS - Installation of external electrical piping for UPS Cables - Training on UPS operation - Parts: UPS Cyberex PowerBuilt (ABB) Model: CW2U015-4833-121-1-6-21100 & CW2U020-4833-121-1-6-100	450,000.00	1/26/2022	Approved	3/9/2022	450,000.00	450,000.00
1011	San Juan Power Plant	Units 7-10 New Raw Water Tank	Removal of existing steel raw water storage tank. Design and Build of a new 173,000 gallons steel raw water storage tanks including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	1,000,000.00	1/26/2022	Approved	3/9/2022	1,000,000.00	1,000,000.00
1012	San Juan Power Plant	Structural Repairs Fuel Service Tank 10	Structural steel repairs of floor, roof, shell, columns and beams elements of a existing fuel service tank and application of new anti-corrosive coating on the interior and exterior of the tank.	647,000.00	2/1/2022	Approved		647,000.00	647,000.00
1013	San Juan Power Plant	Unit 5 SCR - Ammonium Procurement	Procurement and delivery of Ammonium Substance to be used for the Selective Catalytic Reduction system to control emissions of Unit 5 for compliance of Federal law.	500,000.00	2/1/2022	Approved	2/28/2022	\$500,000.00	-
1014	San Juan Power Plant	Units 5 Heavy Equipment Rental Services	Service of heavy equipment such as 30 Ton, 50 Ton, 70 Ton, 100 Ton and 350 Ton cranes, including mobilization for the performance of repairs and major maintenance works of the main and auxiliary components of Units 5 through 10.	\$ 850,000.00	1/26/2022	Approved	3/9/2022	850,000.00	-
1015	San Juan Power Plant	Water Treatment and Technical Assistance Cooling Water System	Service of operation and maintenance of a water treatment system for the cooling towers of power plant's auxiliary equipments. The treatment will protect the infrastructure of the cooling towers.	232,727.04	1/26/2022	Approved	3/9/2022	232,727.04	-
1016	San Juan Power Plant	Unit 10 Rehabilitation	Provide parts and service for the open inspection and close of the steam turbine and generator. Also, in shop repairs for the steam turbine and the generator rotor and oil flush of the turbine.	16,000,000.00	7/8/2022	Deferred	4/13/2022		-
1017	San Juan Power Plant	Steam Rotor Replacement Unit 5 & CT Repairs	Replacement of all the main components of the steam rotor of Unit 5 and perform all the repairs of the combustion turbine, including its auxiliary equipments.	12,055,544.40	2/8/2022	Approved	4/13/2022	12,055,544.40	12,055,544.40
1018	San Juan Power Plant	LTSA SIS		8,000,000.00	7/8/2022	Approved	4/13/2022	8,000,000.00	-
1019	San Juan Power Plant	LTSA SIS		8,000,000.00	2/8/2022	Approved	4/13/2022	8,000,000.00	-
1020	San Juan Power Plant	Control System Upgrade units 5 & 6	Perform and upgrade to the Units 5 & 6 Control System, including all the necessary cyber security programming.	3,203,050.00	1/11/2022	Approved	2/11/2022	3,203,050.00	3,203,050.00
1021	San Juan Power Plant	Unit 8 Rehabilitation (Turbine)	Inspection and replacement of the High Pressure, Intermediate Pressure and Low Pressure Rotors of the Turbine and perform all the testing and commissioning of the equipment.	10,000,000.00	2/4/2022	Deferred	4/13/2022		-
1022	San Juan Power Plant	Unit 7 Rehabilitation (Turbine)	Inspection and replacement of the High Pressure, Intermediate Pressure and Low Pressure Rotors of the Turbine and perform all the testing and commissioning of the equipment.	10,000,000.00	2/4/2022	Approved	10/21/2022	10,000,000.00	10,000,000.00
1023	San Juan Power Plant	Unit 6 - Major Overhaul (Steam Turbine Replacement and CT Repairs)		12,768,424.79	1/26/2022	Approved	3/9/2022	12,768,424.79	12,768,424.79



1024	San Juan Power Plant	Installation of Module D&E HRSG Unit 5	Replace critical pressure parts components of San Juan Generation Complex Unit 5 Heat Recovery Steam Generator (HRSG), specifically: Module D High Pressure Economizer 3 Tubes Bundles, Module D Intermediate Pressure Evaporators Tubes Bundles, Module E Intermediate Pressure Economizer Tubes Bundles, Module E High Pressure Economizer 1 Tubes Bundles, Module E High Pressure Economizer 2 Tubes Bundles.	9,750,263.00	1/11/2022	Approved	7/11/2022	9,750,263.00	9,750,263.00
1025	San Juan Power Plant	Replacement of the Online Condenser Cleaner- Unit 5	Supply, installation and commissioning of a online condenser cleaner system for Unit 5.	3,600,000.00	1/11/2022	Approved	2/11/2022	3,600,000.00	3,600,000.00
1026	San Juan Power Plant	Unit 6 - Major Overhaul		12,768,424.79	1/26/2022	Approved	3/9/2022	12,768,424.79	12,768,424.79
1027	San Juan Power Plant	Unit 7 - Major Outage - Boiler Sections Replacement and Repairs & Auxiliary Equipment Inspection Work		8,000,000.00	2/4/2022	Approved	10/21/2022	8,000,000.00	8,000,000.00
1028	San Juan Power Plant	Unit 8 - Major Outage - Boiler Sections Replacement and Repairs & Auxiliary Equipment Repairs		8,000,000.00	2/4/2022	Deferred	4/13/2022		-
2029	Aguirre Power Plant	Unit 1 South Wall Boiler Tubing Replacement and Boilers Repairs	Partial rehabilitation of the south water wall between third and fourth floor on Unit 1 consisting on Boiler Tube Panels replacement.	5,933,862.95	1/26/2022	Approved	7/22/2022	5,933,862.95	5,933,862.00
2030	Aguirre Power Plant	Unit 1 Air and Gas Duct Pre-heaters Repair Work	Inspections looking for leakage and repairs on ducts will be addressing including insulation repair.		Consolidated	Consolidated			-
2031	Aguirre Power Plant	Replacement of Load Center 1-4 Condenser Circulating Water Pump	Removal and removal of existing breakers for the load center 1-4 of the Condenser Circulating Water Pumps for the cooling system of the condensers of Units 1 and 2.	630,000.00	1/11/2022	Approved	2/11/2022	630,000.00	630,000.00
2032	Aguirre Power Plant	Sea Water Intake Structural Repairs Work	Structural repairs of concrete beams, slabs and wall's components of the sea water intake of the	5,274,222.00	1/11/2022	Approved	2/11/2022	5,274,222.00	-
2033	Aguirre Power Plant	Rehabilitation Fuel Tank Farm Liners	Rehabilitation, repair and installation of a approximately 46,000 square feet of Flexible Membrane Liner System of the Aguirre Fuel Tank area.	1,291,000.00	1/11/2022	Approved	2/11/2022	1,291,000.00	1,291,000.00
2034	Aguirre Power Plant	Two New Condenser Discharge Water Pumps Motors	Procurement and delivery of two 400 Hp-395 RPM, 4,000 Volts-3 Phase, 60 Cycle Re-build Motors for the water discharge condenser pumps for the sea water canal discharge system.	750,000.00	1/11/2022	Approved	2/11/2022	750,000.00	750,000.00
2035	Aguirre Power Plant	Two New BCWP Motors	Procurement and delivery of two _____ RPM New Motors for the water discharge condenser pumps for the sea water canal discharge system.	640,150.00	1/11/2022	Approved	2/11/2022	640,150.00	640,150.00
2036	Aguirre Combined Cycle	Procurement of Stages 1, 2, 3 Turbine Rotor Bucket Set, Aguirre Combined Cycle	Buy rotor buckets for spare turbine rotor located at Allied Power Group facilities in Houston, TX. Complete rotor is necessary in case replacement is needed during 2022 HGP inspections (Units 1-1 or 1-2).	497,267.00	1/26/2022	Approved	3/9/2022	497,267.00	497,267.00
2037	Aguirre Combined Cycle	New Water Condensate Tank for the Aguirre Combined Cycle	Removal of existing steel water condensate storage tank. Design and Build of a new 287,000 gallons steel water condensate storage tank, including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	410,125.00	1/26/2022	Approved	3/9/2022	410,125.00	410,125.00
2038	Aguirre Combined Cycle	Major Inspection Unit 1-3	Remove Turbine Rotor for repair and balance, including rotor buckets. Replace turbine casing shrouds. Replace turbine nozzles, transition pieces and combustion liners with refurbished components. Inspect Compressor (rotor and stator). Inspect Generator (rotor and stator). Repair HRSG casing and exhaust duct.	2,559,917.00	1/26/2022	Approved	3/9/2022	2,559,917.00	2,559,917.00
2039	Aguirre Combined Cycle	Hot Gas Path Inspection and repairs Work Units 2-4 and stand by transformer	Inspect turbine section major components (rotor, buckets, nozzles & shrouds). Replace Stage 1 Buckets (if necessary). Stage 1 Nozzle, transition pieces and combustion liners with refurbished components. Repair all removed components for futures HGP. Buy new MCC Transformer 4.16KV / 480V	716,267.36	1/11/2022	Approved	2/11/2022	716,267.36	806,507.36
2040	Aguirre Combined Cycle	Hot Gas Path Inspection Work Units 1-1 and 1-2	Inspect turbine section major components (rotor, buckets, nozzles & shrouds). Replace Stage 1 Buckets (if necessary). Stage 1 Nozzle, transition pieces and combustion liners with refurbished components. Repair all removed components for futures HGP.	1,097,000.00	1/11/2022	Approved	2/11/2022	1,097,000.00	1,097,000.00
2041	Aguirre Power Plant	Inner Barrel Bundle	Engineering and manufacture of an inner barrel bundle of the boiler feed water pump to be used in Units 1 or 2.	1,625,954.00	1/20/2022	Approved	2/18/2022	1,625,954.00	1,625,954.00
2042	Aguirre Power Plant	Unit 1 - Major Inspection (Replacement Turbo-Generator)	Major Overhaul to Gas Turbine Nam. 1 including the replacement of all the hot gas path components and the turbo compressor blades. Also, repair the exhaust gas housing and perform the inspection of the turbo rotor, the generator and repair the Gas Turbine enclosure and filter house.	11,164,417.00	1/11/2022	Approved	2/11/2022	11,164,417.00	11,164,417.00
2043	Aguirre Power Plant	Unit 2 Excitation System	Replacement of an obsolete Excitation System that has no replacement parts. The new system must increase the reliability and extend service life with replacement parts and service availability.	1,516,675.00	1/11/2022	Approved	2/11/2022	1,516,675.00	1,501,675.00
2044	Aguirre Power Plant	Purchase and Installation Breakers 480 V	Procurement and installation of 12 - 600 A, 480 V Breakers and 4 - 1,600 A, 480 V Breakers for Normal Bus 1A EE55	350,115.00	1/26/2022	Approved	3/9/2022	350,115.00	350,115.00
2045	Aguirre Power Plant	Design Fire Pump for Aguirre Power Complex	Design for an above ground piping lines to replace the obsolete underground piping system. The existing system has undetectable leakages.	280,040.00	1/11/2022	Approved	2/11/2022	280,040.00	-
3046	Costa Sur Power Plant	Traveling Screens Replacement	Removal and replacement of five galvanized steel traveling screens, with its auxiliary equipment, of the power plant's sea water intake for the cooling of the condenser's of Units 5 and 6. The work shall include an infrastructure to protect the fish and other marine, in compliance with Section 316 (b) of the Clean Water Act.	5,000,000.00	1/26/2022	Approved	3/9/2022	5,000,000.00	5,000,000.00
3047	Costa Sur Power Plant	Procurement and Replacement of Regulator Valves for Boiler Feed Water Units 5 & 6	Replace the main boiler feed water control valves for units 5&6. Actual valves are in bad conditions and the replacements are as expensive as the whole valve.	301,664.00	1/26/2022	Approved	3/9/2022	301,664.00	301,664.00
3048	Costa Sur Power Plant	Low Pressure Water Heater 3 Repair Work	Design, manufacture, provide, deliver and install new tubes for the Low pressure heater 3 for Unit 6	400,000.00	1/26/2022	Approved	3/9/2022	400,000.00	400,000.00
3049	Costa Sur Power Plant	Procurement of Water Heater 5 (Deaerator) Spare Pump	Design and delivery of a new spare pump for the water heater (deaerator)	400,000.00	2/1/2022	Approved	2/28/2022	400,000.00	400,000.00
3050	Costa Sur Power Plant	Procurement of Air-Preheaters Baskets, Unit 5	Procurement and delivery of hot and cold sections baskets and other components of the pre-heaters of Unit 5.	1,966,083.00	1/11/2022	Approved	2/11/2022	1,966,083.00	1,966,083.00
3051	Costa Sur Power Plant	Replacement of Air-Preheaters Baskets, Unit 5	Removal and replacement of the existing air-preheaters cold and hot section's baskets, sector plates, adjusters, static seal, axial plates among other components and repair air heater out casing.	700,000.00	2/4/2022	Approved	4/13/2022	700,000.00	-
3052	Costa Sur Power Plant	Procurement of Condenser Circulating Water Pump (CCWP) and Boiler Circulating Water Pump (BCWP) Spare Motors for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations	865,670.00	1/11/2022	Approved	2/11/2022	865,670.00	865,670.00
3053	Costa Sur Power Plant	Procurement of Induced Draft Fan (IDF) and Forced Draft Fan (FDF) Spare Motors for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations	1,160,000.00	2/1/2022	Approved	2/28/2022	1,160,000.00	1,160,000.00
3054	Costa Sur Power Plant	Procurement of Condensate Pump (CP) Motor for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations	870,000.00	2/1/2022	Approved	2/28/2022	870,000.00	870,000.00

3055	Costa Sur Power Plant	Replacement of Unit 5 Electric Load Center	Replacement of Auxiliary equipment load centers and breakers for turbines 5 and 6 due to obsolescence.	285,000.00	1/11/2022	Approved	2/11/2022	285,000.00	285,000.00
3056	Costa Sur Power Plant	Replacement of Excitation System Units 5 and 6	Procurement and installation of an upgrade for the excitation system. The manufacturer cease the production of spare parts	2,760,934.00	1/20/2022	Approved	2/18/2022	2,760,934.00	2,760,934.00
3057	Costa Sur Power Plant	Replacement of 4160 V Electric Cable Normal Transformer 5A, 5B	Procurement and delivery of 6000 ft of special construction electrical cable (1500 kcmil Insulation XLPE 5kV) to replace the cables of the Normal service transformers 5A & 5B	375,000.00	2/1/2022	Approved	2/28/2022	375,000.00	375,000.00
3058	Costa Sur Power Plant	CS 5 Major Inspection Unit 5 - HP/IP/LP Turbine Rotor Replacement	Procurement for the inspection and refurbishment of the spare turbine rotors (HP/IP, LPA & LPB) for the October 2022 programmed outage	5,902,222.00	2/4/2022	Approved	4/13/2022	5,902,222.00	9,388,488.00
3059	Costa Sur Power Plant	CS 5 Major Outage Unit 5 - Boiler Sections Replacement and Repairs & Auxiliary Equipment Repairs	Procurement and delivery of materials and equipment for the October 2022 programmed outage	9,000,000.00	1/26/2022	Approved	3/9/2022	9,000,000.00	9,000,000.00
3060	Costa Sur Power Plant	Water Heater 6 Replacement Work	Procurement and installation of the High pressure Heater 6 for unit 5.	2,000,000.00	1/26/2022	Approved	3/9/2022	2,000,000.00	2,000,000.00
3061	Costa Sur Power Plant	Caustic Soda and Acid tanks replacement works	Procurement and delivery of 4 stainless steel tanks (2 storage & 2 service) for the Dami water plant. One pair for soda ash and one pair for sulfuric acid. Installation by plant crew.	750,000.00	2/4/2022	Approved	4/13/2022	750,000.00	750,000.00
3062	Costa Sur Power Plant	Unit 6 - HP/IP/LP Inspection (Failure)	Perform the inspection and non destructive testing on the Lower Pressure Turbine Rotor Segment B (LP-B) due to an event that caused a major failure on this component.	1,060,530.50	2/4/2022	Approved	4/13/2022	1,060,530.50	1,060,530.50
3063	Costa Sur Power Plant	BFWP Inner Barrel Bundle	Engineering and manufacture of an inner barrel bundle of the boiler feed water pump to be used in Unit 5 or 6.	1,625,954.00	1/11/2022	Approved	2/11/2022	1,625,954.00	1,625,954.00
3064	Costa Sur Power Plant	BFWP Inner Barrel Bundle	Engineering and manufacture of inner barrel of the boiler feed water pump	-	Consolidated	Consolidated		-	-
3065	Costa Sur Power Plant	Unit 6 LP-B Installation Work (Failure)	Installation and commissioning of the repaired Low Pressure Rotor B of the Power Turbine of Unit 6	2,076,415.00	1/20/2022	Approved	2/18/2022	2,076,415.00	2,076,415.00
3066	Costa Sur Power Plant	AGC - Replacement Project	Procurement and Delivery of New system for frequency/load control to replace the original one due to obsolescence (installed since 1973). There are not spare parts	400,000.00	2/1/2022	Approved	2/28/2022	400,000.00	400,000.00
3067	Costa Sur Power Plant	Fuel Igniters Replacement Work	Procurement and Delivery of New Natural Gas Igniters and Control System for Unit 6	2,364,000.00	2/1/2022	Approved	2/28/2022	2,364,000.00	2,364,000.00
3068	Costa Sur Power Plant	Upgrade to Foxboro Simulation System	Services of software and hardware installation and programming to update the simulation station of the Foxboro control system.	500,000.00	2/11/2022	Approved	4/13/2022	500,000.00	500,000.00
4069	Palo Seco Steam Plant	PS 3 Procurement and Delivery of Water Wall Boiler Tubes and Economizer Unit PS3	Manufacture, testing and delivery of the following components of the Unit 3 boiler: the economizer and water wall boiler tubes.	4,028,051.20	1/11/2021	Approved	7/22/2022	4,028,051.20	4,028,051.20
4070	Palo Seco Steam Plant	PS 3 Low Pressure Turbine Rotor Refurbished, Unit 3	Inspection, transportation, maintenance and repair of the power turbine spare low pressure rotor.	3,500,000.00	2/4/2022	Approved	7/22/2022	3,500,000.00	3,500,000.00
4071	Palo Seco Steam Plant	Fuel Tanks Level Measurement System	Procurement and delivery of an integrated measurement, accounting, control, monitoring and temperature system for the power plant's fuel tanks.	550,000.00	1/20/2022	Approved	2/18/2022	550,000.00	550,000.00
4072	Palo Seco Steam Plant	Water Retention Tank Num. 3	Removal of existing steel water condensate storage tank. Design and build of a new 250,000 gallons steel water retention tank, including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	800,000.00	1/20/2022	Approved	2/18/2022	800,000.00	800,000.00
4073	Palo Seco Steam Plant	Unit PS 4 Refractory, Insulation, scaffolding and Piping Application Works	Service of scaffolding installation, removal and installation of boiler's refractory and painting of tanks and other components of the Unit 4.	700,000.00	1/20/2022	Approved		700,000.00	700,000.00
4074	Palo Seco Steam Plant	Contract, on request, for Crane Services PS4	Service of heavy equipment such as 30 Ton, 50 Ton, 70 Ton, 100 Ton and 350 Ton cranes, including mobilization for the performance of repairs and major maintenance works of the main and auxiliary components of Units 3 and 4.	700,000.00	1/20/2022	Approved	2/18/2022	700,000.00	-
4075	Palo Seco Steam Plant	Procurement Turning Gear System, Units 3 and 4	Purchase of new turning gear system for Units 3 or 4 replacement.	295,381.60	1/20/2022	Approved		295,381.60	295,381.60
4076	Palo Seco Steam Plant	New Water Condensate 1-2 Tank	Removal of existing steel water condensate storage tank. Design and build of a new 175,000 gallons steel water condensate storage tank, including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	1,000,000.00	2/1/2022	Approved	2/28/2022	1,000,000.00	1,000,000.00
4077	Palo Seco Steam Plant	Mega-Gens Environmental Commissioning	Perform all environmental and performance tests on three 27 Megawatts Combustion Units to comply with EPA's Air Standards	1,036,800.00	1/11/2022	Approved	2/11/2022	1,036,800.00	-
4078	Palo Seco Steam Plant	Upgrade OSI DCS	Supply and installation of new Human Machine Interface for operation and OS control for both units 3, 4, Mega Gens 1, 2, 3 and Gas Turbines 1-6.	1,145,578.00	1/20/2022	Approved	2/18/2022	1,145,578.00	1,132,578.00
4079	Palo Seco Steam Plant	Upgrade to Mark VIe	Supply and installation of new Human Machine Interface for operation and turbine control for both units 3 and 4.	500,000.00	1/26/2022	Approved	3/9/2022	500,000.00	500,000.00
4080	Palo Seco Steam Plant	Unit 4, Superheater Header, Hum. 5 Material and Installation	Purchase and installation of Superheater 5 component of the Unit's 4 boiler.	2,243,385.00	1/20/2022	Approved		2,243,385.00	2,243,385.00
4081	Palo Seco Steam Plant	Unit PS3 - Major Outage - Boiler Sections Replacement and Repairs, MPT, Generator and turbine Repair & Auxiliary Equipment Inspection Work	Purchase and installation of Economizer elements and waterwalls upper sections replacement.. HP, IP and LP turbines inspection, maintenance and repair. MPT oil leakages repair and Auxiliary equipment	15,000,000.00	2/1/2022	Approved	2/28/2022	15,000,000.00	15,000,000.00
5082	Hydrogas Gas Turbine Peakers	Procurement of Spare Generator Breakers for Frame 5000 Hitachi Gas Turbines	Procurement and delivery of seven (7) 2000amp, 15.0KV rms (operational voltage - 13.8KV) spare main breakers to be used for the Frame 5000 Hitachi Gas Turbines during emergency or maintenance repair works.	650,000.00	2/8/2022	Approved	4/13/2022	650,000.00	-
5083	Hydrogas Gas Turbine Peakers	Procurement of Turbo Compressors for Frame 5000 Gas Turbines	Procurement and delivery of two (2) Rating 23350KW, 17 stages, 2 stages, 5100 rpm re-build turbo compressor for the Frame 5000 N Gas Turbines to be used during emergency or repair works. (Vega Baja Y Cost Sur)	7,800,000.00	2/8/2022	Approved	4/13/2022	7,800,000.00	-
5084	Hydrogas Gas Turbine Peakers	Procurement of Spare Speed Reduction Gear for Frame 5000 Gas Turbines	Procurement and delivery of two (2) 5094/3600 RPM, Rating: 28,000KW spare speed reduction gears for Frame 5000 Gas Turbines to be used during emergency of repair works. (Jobos)	1,560,000.00	2/8/2022	Approved	4/13/2022	1,560,000.00	-
5085	Hydrogas Gas Turbine Peakers	New Spare Three Exhaust Plenums for Frame 5000 Gas Turbines	Fabrication and Delivery of three (3) 117.5" x 75.26" x 106.5" spare steel exhaust plenums for the Frame 5000 Gas Turbines to be used during repair works.	780,000.00	2/8/2022	Approved	4/13/2022	780,000.00	-
5086	Hydrogas Gas Turbine Peakers	Procurement of Three Exhaust Gas Diffusion Ducts for Frame 5000 Gas Turbines	Fabrication and Delivery of three (3) 41" Internal Diameter/ 46" External Diameter spare steel exhaust gas diffusion ducts for the Frame 5000 Gas Turbines to be used during repair works.	390,000.00	2/8/2022	Approved	4/13/2022	390,000.00	-
5087	Hydrogas Gas Turbine Peakers	Major Outage Turbo-compressor (CT) 15 units	Major outage for all Frame 15 units which shall include repairs and overhaul of a defined scope as per-unit needs, in order to assure availability and reliability at most.	39,000,000.00	2/8/2022	Approved	4/13/2022	39,000,000.00	-

6018	Cambalache	Unit 1 Rehabilitation	Perform the required inspections, repair the exhaust gas housing and GT enclosure and filter house and replacement of all of the hot gas path components, turbo-compressor and blades and its related accessories of Gas Turbine Num. 1. Also, conversion of control system to Blue-Line similar to gas turbines 2 and 3, upgrade the combustor pulsation monitoring system, upgrade the automatic voltage regulator and upgrade the opacity monitoring system.	18,000,000.00	2/1/2022	Deferred	2/28/2022		-
6069	Cambalache	Control System Power Plant Maintenance-Generator and Technical Services	Provide technical support and parts replacement for the generating unit control systems with Original Equipment Manufacturer trained technical advisors. The provided services will be a complete maintenance program for the continuous operations of the included equipment and its systems, especially for the obsolete equipment's. It will include parts replacement, software updates, backups, servers & network devices health issues solution and unexpected issues solutions.	2,500,000.00	2/1/2022	Approved	2/28/2022	2,500,000.00	-
6090	Cambalache	Automatic Voltage Regulator & SFC Upgrade for 2 Units	Upgrade of the obsolete electronic parts for the Automatic Voltage Regulator with the Synchronism Devices and the Static Frequency Converter systems for GT2 and GT3. The actual systems are the original ones installed in 1997.	1,043,000.00	2/1/2022	Approved	2/28/2022	1,043,000.00	1,043,000.00
6091	Cambalache	LTA Units Camb 1, 2, 3	Long Term Service Agreement for the A, B & C (Major) inspections on the Cambalache Units. Provide the technical advisors and consumables for all the inspections and the replacement of the scheduled Hot Gas Path parts (capital parts) The A & B are the minor inspections.	\$ 12,000,000.00	2/1/2022	Approved	2/28/2022	12,000,000.00	-
7092	Mayaguez	Unit 1A, 1B and 4A Rehabilitation	Repair of Gas Generator Components of Units 1A and 1B and Repair of PT (Upgrade 2x) on Power Turbine on Unit 4A	17,995,020.00	1/1/2022	Approved	2/11/2022	17,995,020.00	17,995,020.00
8093	All Power Plants	Stamp R - Mechanical Repair Works for Boilers and Turbo-Generators Contract		1,950,000.00		Approved	4/13/2022	1,950,000.00	-
8094	All Power Plants	Hydro-blasting Service for Condenser	Specila	650,000.00		Approved	4/13/2022	650,000.00	-
8095	All Power Plants	Hydro-blasting Service for Boilers	Pressure washing and neutralization service of the internal and external components of the boiler and other areas of the PREPA's power plants.	950,000.00		Approved	7/11/2022	950,000.00	-
8096	All Power Plants	Interior Dry-Cleaning Service for Boilers		850,000.00		Approved	4/13/2022	850,000.00	-
8097	All Power Plants	Electrical and Instrumentation works in power plants	Services of inspection, maintenance and repair of electrical auxiliary components and control systems necessary for the operation of the PREPA's power plants.	850,000.00		Approved	4/13/2022	850,000.00	-
8098	All Power Plants	Procurement Acid for all power plants	Procurement and delivery of Acid substance used on the power plant for pH Control during water treatment of process water and demineralized water treatment plant maintenance work.	1,000,000.00		Approved	4/13/2022	1,000,000.00	-
8099	All Power Plants	Refractory, Insulation, stack and Painting Application Works	Services of removal and replacement of refractory material for boilers and stacks, and the removal and application of painting of stacks.	1,950,000.00		Approved	4/13/2022	1,950,000.00	-
8100	All Power Plants	Scaffolding Inside and outside Boilers Works	Services of the rental, engineering, and fabrication of scaffolding systems to be used during maintenance and repair works of the PREPA's power plants.	1,990,000.00		Approved	4/13/2022	1,990,000.00	-
8101	All Power Plants	Waste Management Services Contract for Power Plants	Services of collection and deposit of non-hazardous waste materials and non-organic silt material collected from the sludge pools of the PREPA's power plants.	1,000,000.00		Approved	4/13/2022	1,000,000.00	-
8102	All Power Plants	Non-Destructive Examinations and Inspection Services	Services of inspection and testing of repair processes such as welding of boiler tubes, construction or repair of water and fuel tanks.	750,000.00		Approved	4/13/2022	750,000.00	-
8103	All Power Plants	Inspection and Maintenance Cargo Elevator	Inspection of and maintenance service of the cargo elevators used to transport personnel, materials and equipment necessary for the operation and maintenance of the PREPA's power plants.	900,000.00		Approved	4/13/2022	900,000.00	-
8104	All Power Plants	Coating Application Boiler Structures and Chimneys All Power Plants	Supply all materials, equipment and services for the surface preparation and application of paint coating of all structural elements that supports all the power plant's boiler components and also the exhaust stacks.	3,600,000.00		Approved	4/13/2022	3,600,000.00	-
Total				\$ 358,177,913.16				306,177,943.16	202,687,213.17



## FEMA 428 FUNDING GENERATION ASSETS

PW	FEMA ID	Project Title	PREB Approval	FEMA Approval	Commencement Date	Date of Completion
10571	669498	FAASt Aguirre Power Plant Infrastructure Projects 001	8,305,487	3,031,265		Apr-23
	2033	Rehabilitation Fuel Tank Farm Liners	1,291,000	1,291,000	Jan-23	Apr-23
	2034	Two New Condenser Discharge Water Pumps Motors	750,000	750,000	Apr-22	Jul-22
	2035	Two New BCWP Motors	640,150	640,150	Jul-22	Dec-22
	2044	Purchase and Installation Breakers 480 V	350,115	350,115	Jul-22	Sep-22
	2032	Sea Water Intake Structural Repairs Work	5,274,222	Not eligible	Not eligible	Not eligible
10568	669233	FAASt Aguirre Power Plant 002 Units 1 & 2 Projects	20,920,899	20,905,908		Aug-23
	2029	Unit 1 South Wall Boiler Tubing Replacement and Boilers Repairs /Air and Gas L	5,983,853	5,983,862	Mar-22	Jun-22
	2031	Replacement of Load Center 1-4 Condenser Circulating Water Pump	630,000	630,000	Aug-22	Apr-23
	2041	Inner Barrel Bundle	1,625,954	1,625,954	Jan-23	Aug-23
	2042	Unit 1 - Major Inspection (Replacement Turbo-Generator)	11,164,417	11,164,417	Mar-22	Jun-22
	2043	Unit 2 Excitation System	1,516,675	1,501,675	Jul-22	May-23
10622	669815	FAASt Aguirre Power Plant 003 Combined Cycle	5,315,630	5,405,870		Jun-23
	2036	Procurement of Stages 1-1 & 1-2 Turbine Rotor Bucket Set	497,267	497,267	Aug-22	Jun-23
	2037	New Water Condensate Tank	410,125	410,125	Jan-23	Feb-23
	2038	Major inspection Unit 1-3	2,599,971	2,599,971	Mar-22	Oct-22
	2039	Hot Gas Path Repairs Work Units 2-4 and stand by transformer	716,267	806,507	Mar-22	Apr-23
	2040	Hot Gas Path Inspection Work Units 1-1 and 1-2	1,092,000	1,092,000	Jun-22	Jul-22
10615	662947	FAASt San Juan 001 – Units 5 & 6	77,430,016	60,080,016		Mar-24
	1001	Units 5 Cooling Tower Replacement	1,887,145	1,887,145	Feb-22	Jun-22
	1002	Units 5 New High Pressure Pumps	1,600,000	1,600,000	Aug-22	Sep-22
	1003	Units 5 Condenser Repair and Coating Application	1,031,250	1,031,250	Feb-22	Apr-22
	1004	Units 5 HP Bleed Valve, LP Bleed Valve and Heat Injection Steam Valve	374,237	374,237	Feb-22	Jun-22
	1005	Units 5 and 6 Black Start Emergency Generator Upgrade	348,510	348,510	Aug-22	Dec-22
	1006	Units 5 Replacement of Outlet Valves and Elbow Condenser	673,667	673,667	Jun-22	Jun-23
	1013	Unit 5 SCR - Amonium Procurement	500,000	Not eligible	Not eligible	Not eligible
	1014	Units 5 Heavy Equipment Rental Services	850,000	Not eligible	Not eligible	Not eligible
	1018	LTSA SJ5	8,000,000	Not eligible	Not eligible	Not eligible
	1019	LTSA SJ6	8,000,000	Not eligible	Not eligible	Not eligible
	1017	Steam Rotor Replacement Unit 5 & CT Repairs	12,055,544	12,055,544	Feb-22	Jun-22
	1020	Control System Upgrade units 5 & 6	3,203,050	3,203,050	Apr-22	Jun-22
	1023	Unit 6 - Major Overhaul (Steam Turbine Replacement and CT Repairs)	12,768,425	12,768,425	Feb-23	Mar-24
	1024	Purchases and Installation of Modules D&E HRSG Unit 5	9,750,263	9,750,263	Apr-22	Jun-22
	1025	Replacement of the Online Condenser Cleaner Unit 5	3,600,000	3,600,000	Nov-22	Dec-23
	1026	Unit 6 - Major Overhaul - Boiler Repairs	12,768,425	12,768,425	Feb-23	Mar-24
	N/A	Purchase and installation 20 TON for UPS Units 5 & 6	19,500	19,500	N/A	N/A
11085	687480	FAASt San Juan Plant – Units 7 & 8	19,558,770	19,558,770		Oct-22
	1007	Unit 7 Air Preheater Maintenance and Replacement	600,000	600,000	Jan-23	Apr-23
	1010	Replacement of Two Uninterruptible Power Supply Systems for Units 7 and 8	450,000	450,000	Dec-22	Apr-23
	1021	Unit 8 Rehabilitation (Turbine)	Pending	Pending	Jul-22	Oct-22
	1022	Unit 7 Rehabilitation (Turbine)	10,000,000	10,000,000	Jan-23	Dec-23
	1027	Unit 7 Boiler Sections Replace, Repairs & Auxiliary Equipment Inspection Work	8,000,000	8,000,000	Feb-23	Dec-23
	1028	Unit 8 Boiler Replacement and Repairs & Auxiliary Equipment Repairs	Pending	Pending	Jul-22	Oct-22
	N/A	Lagging and insulation repair to San Juan steam plant units 7&8	413,235	413,235	N/A	N/A
	N/A	Cyberex load sharing battery chargers rated 200 amps. ac input: 4	95,535	95,535	N/A	N/A

	1009	Cooling Tower Unit 10 Repair Works	385,000	Pending	Mar-23	Sep-23
	1016	Unit 10 Rehabilitation	Pending	Pending	Mar-23	Sep-23
	N/A	Lagging and thermal insulation repair to sjsj 9 and 10	342,783	Pending	N/A	N/A
	N/A	Enderezamiento/colocacion grua overhead en carril - u. 9 y 10 csj	37,000	Pending	N/A	N/A
10608	667744	FAASt San Juan Power Plant - Auxiliary Infrastructure	2,600,974	2,368,247		Jan-23
	1008	Repairs to Nautilus Water Treatment System	250,000	250,000	Aug-22	Nov-22
	1011	Units 7-10 New Raw Water Tank	1,000,000	1,000,000	Jul-22	Jan-23
	1015	Water Treatment and Technical Assistance Cooling Water System	232,727	Not eligible	Not eligible	Not eligible
	1012	Structural Repairs Fuel Service Tank 10	647,000	647,000	Oct-22	Mar-23
	N/A	Repair to Masive Notification System-	9,775	9,775	N/A	N/A
	N/A	Repairs to Tank Farm RESERVA BUNKER-C, CENTRAL SAN JUAN	99,723	99,723	N/A	N/A
	N/A	Purchase and Installation 36,000BTU Boilers lunch room CSJ	3,995	3,995	N/A	N/A
	N/A	Purchase and installation 12,000BTU NPDES Office CSJ	995	995	N/A	N/A
	N/A	Roof impermeabilization- TMG North	185,743	185,743	N/A	N/A
	N/A	Offices, buildings and facilities rehabilitation works	171,016	171,016	N/A	N/A
10702	672950	FAASt Costa Sur Permanent Repairs 5 & 6	39,513,473	42,299,739		Oct-24
	3046	Traveling Screens Replacement	5,000,000	5,000,000	Jan-23	Oct-24
	3047	Replacement of Regulator Valves for Boiler Feed Water Units 5 & 6	301,664	301,664	Oct-22	Nov-22
	3048	Low Pressure Water Heater 3 Repair Work	400,000	400,000	Oct-22	Nov-22
	3049	Procurement of Water Heater 5 (Deaerator) Spare Pump	400,000	400,000	Oct-22	Feb-23
	3050	Procurement & Replacement of Air-Preheaters Baskets, Unit 5	1,966,083	1,966,083	Oct-22	Nov-22
	3051	Replacement of Air-Preheaters Baskets, Unit 5	700,000	Consolidated 3050	Oct-22	Nov-22
	3052	CCWP and BCWP Spare Motors for Units 5 and 6	865,670	865,670	Aug-22	Jan-23
	3053	Procurement of (IDF) and (FDF) Spare Motors for Units 5 and 6	1,160,000	1,160,000	Jun-23	Dec-23
	3054	Procurement of Condensate Pump (CP) Motor for Units 5 and 6	870,000	870,000	Jun-23	Dec-23
	3055	Replacement of Unit 5 Electric Load Center	285,000	285,000	Aug-22	Dec-22
	3056	Replacement of Excitation System Units 5 and 6	2,760,934	2,760,934	Oct-22	Jan-23
	3057	Replacement of 4160 V Electric Cable Normal Transformer 5A, 5B	375,000	375,000	Jul-22	Jun-23
	3058	CS 5Major Inspection Unit 5 - HP/IP/LP Turbine Rotor Replacement	5,902,222	9,388,488	Oct-22	Dec-22
	3059	Unit 5 Boiler Replace and Repairs & Auxiliary Equipment Repairs	9,000,000	9,000,000	Oct-22	Feb-23
	3060	Water Heater 6 Replacement Work	2,000,000	2,000,000	Dec-22	Dec-23
	3062	Unit 6 - HP/IP/LP Inspection (Failure) - To be combined w/ 3058	1,060,531	1,060,531	N/A	Oct-21
	3063	BFWP Inner Barrel Bundle	1,625,954	1,625,954	Sep-21	Dec-22
	3065	Unit 6 LP-B Repair & Instalation Work (Failure)	2,076,415	2,076,415	N/A	Dec-21
	3067	Fuel Igniters Replacement Work	2,364,000	2,364,000	Oct-22	Oct-22
	3066	AGC - Replacement Project	400,000	400,000	Aug-22	Oct-22
10694	673006	FAASt Costa Sur Permanent Repairs	1,250,000	1,250,000		Nov-22
	3061	Caustic Soda and Acid tanks replacement works	750,000	750,000	Jul-22	Nov-22
	3068	Upgrade to Foxboro Simulation System	500,000	500,000	Jul-22	Aug-22
10606	662957	FAASt Palo Seco Steam Plant Unit 3-4	29,474,423	28,774,423		Jan-24
	4069	PS 3 Procurement and Delivery of Water Wall Boiler Tubes and Economizer	4,028,051	4,028,051	Aug-22	Jan-23
	4070	PS 3 Low Pressure Turbine Rotor Refurbished, Unit 3	3,500,000	3,500,000	Aug-22	Jan-23
	4073	PS 4 Refractory, Insulation, scaffolding and Painting	700,000	700,000	Aug-22	Jan-23
	4074	Contract, on request, for Crane Services PS4	700,000	Not Eligible	Not Eligible	Not Eligible
	4075	Procurement Turning Gear System, Units 3 and 4	295,382	295,382	Mar-22	Jul-22
	4079	Upgrade to Mark VI e	500,000	500,000	Jul-22	Aug-22
	4080	Unit 4, Superheater Header Num. 5 Material and Installation	2,243,385	2,243,385	Jun-23	Jan-24
	4081	PS3 Boiler Repairs; MPT, Generator and turbine Repair & Aux. Equipment	15,000,000	15,000,000	Nov-22	Mar-23
	N/A	New (4) Cell FRP Counterflow Cooling Tower	1,432,954	1,432,954	N/A	N/A



	N/A	2 Ultra-High Image Resolution IP cameras	25,142	25,142	N/A	N/A
	N/A	Federal Alert System	9,509	9,509	N/A	N/A
	N/A	General repairs to units - Hurricane Damages	1,040,000	1,040,000	N/A	N/A
10609	671481	FAAST Palo Seco Steam Plant Permanent Repairs	4,532,378	3,482,578		Jun-24
	4071	Fuel Tanks Level Measurement System	550,000	550,000	Jan-23	Jun-24
	4072	Water Retention Tank Num. 3	800,000	800,000	Aug-22	Jan-23
	4076	New Water Condensate 1-2 Tank	1,000,000	1,000,000	Nov-23	Mar-23
	4077	Mega-Gens Environmental Comissioning	1,036,800	Consolidated 334509	N/A	Jun-22
	4078	Upgrade OSI DCS	1,145,578	1,132,578	Jul-22	Aug-22
	5082	Spare Generator Breakers for Frame 5000 Hitachi Gas Turbines	650,000	To be submitted	Jan-23	Jun-23
	5083	Procurement of Turbo-Compressors for Frame 5000 Gas Turbines	7,800,000	To be submitted	Jan-23	Dec-23
	5084	Procurement of Spare Speed Reduction Gear for Frame 5000 Gas Turbines	1,560,000	To be submitted	Jan-23	Dec-23
	5085	New Spare Three Exhaust Plenums for Frame 5000 Gas Turbines	780,000	To be submitted	Jan-23	Dec-23
	5086	Three Exhaust Gas Diffusion Ducts for Frame 5000 Gas Turbines	390,000	To be submitted	Jan-23	Dec-23
	5087	Major Outage Turbo -compressor (CT) 15 units	39,000,000	To be submitted	Jan-23	Dec-24
10607	663383	FAAST Camalache Power Plant Permanent Repairs	16,538,588	2,038,588		Jun-24
	6088	Unit 1 Rehabilitation	Pending	Pending	Mar-23	Sep-23
	6089	Control System Power Plant Maintenance -Generator and Technical Services	2,500,000	Not Eligible	Jan-24	Jun-24
	6090	Automatic Voltage Regulator & SFC Upgrade for 2 Units	1,043,000	1,043,000	Aug-22	Feb-23
	6091	LTSA Units Camb 1, 2, 3	12,000,000	Not Eligible	Jun-23	Dec-23
	N/A	Sanitary Water Pumping System	58,230	58,230	N/A	N/A
	N/A	Hydraulic Equipment	42,296	42,296	N/A	N/A
	N/A	Different Areas of the Generation Plant	199,676	199,676	N/A	N/A
	N/A	Different A/C of the Generation Plant	48,300	48,300	N/A	N/A
	N/A	Generation Plant Fences	199,750	199,750	N/A	N/A
	N/A	Storm Water Pump System	344,265	344,265	N/A	N/A
	N/A	Fuel Transfer Pump	3,579	3,579	N/A	N/A
	N/A	Cable Trays	60,000	60,000	N/A	N/A
	N/A	Lighting	39,492	39,492	N/A	N/A
10455	663385	FAAST Mayaguez Hydro-Gas Power Plant Permanent Repairs	18,192,583	18,192,583		Jul-22
	7092	Unit 1A, 1B and 4A Rehabilitation	17,995,020	17,995,020	Mar-22	Jul-22
	N/A	Variable frequency control water pump	12,079	12,079	N/A	N/A
	N/A	Fuse	70,809	70,809	N/A	N/A
	N/A	REPARACION DE VERJA DEL TANQUE DE COMBUSTIBLE 1 EN HMA	34,500	34,500	N/A	N/A
	N/A	CELL, SAMPLE, TM820V-400, AVANTECHTORAY MEMBRANES	80,175	80,175	N/A	N/A
TOTAL				207,387,986		


**Incremental Operation and Maintenance Budget**

Description	Additional Need	Budget
Legal & Professional Advisors	\$ 5,000,000.00	Holdco
Additional Third Party Services for Division Expenses	\$ 5,300,000.00	Genco
Additional Materials and Supplies Gen	\$ 5,200,000.00	Genco
Design and Engineering	\$ 500,000.00	Genco
Project Management	\$ 1,500,000.00	Genco
Technical Advisor	\$ 2,500,000.00	Genco
<b>Total</b>	<b>\$ 20,000,000.00</b>	





## Incremental NME



Unit	Description	Project Cost	Additional Need
All Units	Forced Outage - Blanket		\$ 6,000,000.00
All Units	cost of living increase - Blanket		\$ 2,000,000.00
Mayaguez	Mayagüez 3B		\$ 3,100,000.00
Cambalache	Unit 1	\$ 18,000,000.00	\$ 7,300,000.00
Palo Seco 3	Auxiliary Equipment		\$ 2,210,000.00
San Juan 7	Boiler Pressure Parts		\$ 1,100,000.00
Aguirre	Boiler Improvement U-2 - Aguirre Steam Plant		\$ 743,176.00
Aguirre	Boiler Improvement U-1 - Aguirre Steam Plant		\$ 795,594.30
Aguirre	Turbo Generator Improvement Unit 1		\$ 7,221,229.70
Aguirre	Reconstruction Structure of the Pumping Discharge Station Channel		\$ 1,200,000.00
Aguirre Cycle Combin	Unit 1-3 MI - Inspect & Repair Turbine Rotor & Buckets		\$ 340,000.00
Aguirre Cycle Combin	Unit 1 - 2 - Generator Rotor		\$ 1,500,000.00
Aguirre Cycle Combin	Unit 1 - 4 - Generator Rotor		\$ 1,200,000.00
Aguirre Cycle Combin	Main Power Transformer	\$ 3,220,000.00	\$ 320,000.00
Aguirre Cycle Combin	Unit 1-3 MI - Remove, Inspect & Repair Compressor Rotor		\$ 480,000.00
Aguirre Cycle Combin	Unit 1-3 MI - Supply TA, Supervision & Labor for MI		\$ 900,000.00
Aguirre Cycle Combin	Unit 1-3 MI - Inspect, Repair & Coat Compressor Stator		\$ 350,000.00
Aguirre Cycle Combin	Unit 1-3 MI - 240 Tons Crane		\$ 90,000.00
Hydrogas	Spare Generator Breakers for Frame 5000 Hitachi Gas Turbines		\$ 750,000.00
Hydrogas	Procurement of Turbo-Compressor for Frame 5000 Gas Turbines		\$ 1,550,000.00
Hydrogas	Procurement of Speed Reduction Gear for Frame 5000 Gas Turbines		\$ 330,000.00
Hydrogas	Exhaust Plenums for Frame 5000 Gas Turbines		\$ 130,000.00
Hydrogas	Inlet Duct & Silencer Frame 5000 Gas Turbines		\$ 280,000.00
Hydrogas	Exhaust Gas Diffusion (Deflector) for Frame 5000 Gas Turbines		\$ 110,000.00
	<b>Total</b>		\$ 40,000,000.00

## Annex D

Incremental Operation and Maintenance Budget

Description	Additional Need	Budget
Legal & Professional Advisors	\$ 5,000,000	HoldCo
Additional Third Party Service for Division Expenses	\$ 5,300,000	GenCo
Additional Materials and Supplies Gen	\$ 5,200,000	GenCo
Design and Engineering	\$ 500,000	GenCo
Project Management	\$ 1,500,000	GenCo
Technical Advisor	\$ 2,500,000	GenCo
Total	\$ 20,000,000	

**Incremental NME**

Unit	Description	Project Cost	Additional Need
All Units	Forced Outage - Blanket		8,000,000
All Units	cost of living increase - Blanket		2,000,000
Mayaguez	Mayagüez 3B		3,100,000
Palo Seco 3	Auxiliary Equipment plus Environmental		2,210,000
San Juan 7	Boiler Pressure Parts - Enviromental		2,600,000
Costa Sur 5	Enviromental		1,500,000
Costa Sur 6	Enviromental		1,500,000
Aguirre	Boiler Improvement U-2 - Aguirre Steam Plant		743,176
Aguirre	Boiler Improvement U-1 - Aguirre Steam Plant		795,594
Aguirre	Turbo Generator Improvement Unit 1		8,021,230
Aguirre	Emergency Generator Unit 1 and 2	200,000	20,000
Aguirre	Reconstruction Structure of the Pumping Discharge Station Channel		1,500,000
Aguirre Cycle Combined	Unit 1-3 MI - Inspect & Repair Turbine Rotor & Buckets		340,000
Aguirre Cycle Combined	Unit 1 - 2 - Generator Rotor		1,500,000
Aguirre Cycle Combined	Unit 1 - 4 - Generator Rotor		1,200,000
Aguirre Cycle Combined	Unit 1-3 MI - Remove, Inspect & Repair Compressor Rotor		480,000
Aguirre Cycle Combined	Unit 1-3 MI - Supply TA, Supervision & Labor for MI		900,000
Aguirre Cycle Combined	Unit 1-3 MI - Inspect, Repair & Coat Compressor Stator		350,000
Aguirre Cycle Combined	Unit 1-3 MI - 240 Tons Crane		90,000
Hydrogas	Spare Generator Breakers for Frame 5000 Hitachi Gas Turbines		750,000
Hydrogas	Procurement of Turbo-Compressor for Frame 5000 Gas Turbines		1,550,000
Hydrogas	Procurement of Speed Reduction Gear for Frame 5000 Gas Turbines		330,000
Hydrogas	Exhaust Plenums for Frame 5000 Gas Turbines		130,000
Hydrogas	Inlet Duct & Silencer Frame 5000 Gas Turbines		280,000
Hydrogas	Exhaust Gas Diffusion (Deflector) for Frame 5000 Gas Turbines		110,000
	Total		40,000,000

## Annex E



# DRAFT

**Ing. Ferdinand Correa Méndez**  
**Administrador de Generación**

**Ing. Josué Colón Ortiz**  
**Director Ejecutivo**

**Ing. Jorge L. Cotto Pérez**  
**Director Generación**

**Ing. Mary C. Zapata Acosta**  
**Subdirectora Ejecutiva de Operaciones**

\* **R:** REPORTE DE INSPECCION      **MANT:** MANTENIMIENTO    **INSP:** INSPECCION    **NS:** NO HA ESTADO EN SERVICIO DESDE AMBIENTAL

**C:** CERTIFICACION      **LQ:** LAVADO QUIMICO    **LIM. PROX. AMB.:** FECHA LIMITE PROXIMA SALIDA AMBIENTAL

**NOTA:**

Las cifras RESALTADAS son reales, no son estimadas.

**Notas: 1. Datos Anuales de Disponibilidad hasta 31-Diciembre-2022.**

**Fecha de Revisión:** 3-Mar-23

Para garantizar la confiabilidad, en caso de salidas forzadas el programa pudiera sufrir cambios.

## Annex F



GOVERNMENT OF PUERTO RICO  
PUERTO RICO ELECTRIC POWER AUTHORITY

Executive Director | Josué A. Colón Ortiz | [director\\_ejecutivo@prepa.com](mailto:director_ejecutivo@prepa.com)


March 13, 2023

BY ELECTRONIC MAIL  
[Letters@promesa.gov](mailto:Letters@promesa.gov)

Mr. Robert F. Mujica, Jr.  
Executive Director  
Financial Oversight and Management  
Board for Puerto Rico  
PO Box 192018  
San Juan, Puerto Rico 00919-2018

Dear Mr. Mujica:

**Re.: Fiscal Year 2022-2023 (FY2023) Budget Amendment Request**



The Puerto Rico Electric Power Authority (PREPA) writes in response to the Financial Oversight and Management Board for Puerto Rico (Oversight Board or FOMB) letter dated March 9, 2023 (March 9<sup>th</sup> Letter), regarding the certification of a revised Fiscal Year 2022-2023 Budget (FY2023 Budget). In the March 9<sup>th</sup> Letter, the Oversight Board establishes the schedule for the process of developing, submitting, approving, and certifying a revised FY2023 Budget for PREPA, as part of the transition of the operation and maintenance of PREPA's thermal generation assets to Genera PR LLC (Genera PR). This, in accordance with the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement (LGA OMA) executed by PREPA, Genera PR, and the Puerto Rico Public Private Partnerships Authority (P3A), on January 24, 2023.

PREPA appreciates the Oversight Board's attention and diligence in this matter, as the amendments requested below are critical to the ongoing operation of Puerto Rico's energy generation system, as PREPA continues advancing the transition of its legacy generation fleet to Genera PR. This, in addition to the continuance of PREPA's reorganization and transformation as mandated by Puerto Rico's energy public policy and the Oversight Board's Certified Fiscal Plan for PREPA. For the reasons outlined below, PREPA's request cannot be responsibly limited to the items mentioned in your March 9<sup>th</sup> Letter.






PREPA hereby requests an amendment to its FY2023 Budget for (i) \$60.0 million in additional funding for operational expenses, necessary maintenance projects, and capital equipment to continue executing the scheduled repairs to legacy generating units and water facilities, (ii) \$150.0 million for additional PREPA's Employee Retirement System (PREPA ERS) pension funding, (iii) \$15.0 million to fund the Genera PR Mobilization Service Fee pursuant to Section 4.6 of the LGA OMA, and (iv) \$29.4 million in additional funding for estimated costs associated with the implementation of the Voluntary Transition Program (VTP) for PREPA employees transitioning to Genera PR.<sup>1</sup> Below, PREPA details the justification for and historical context of these additional fundings requests amounting approximately \$254.4 million and we suggest an in-person meeting to discuss the context and details supporting this request.

### **Proposed FY2023 Budget Amendment Description**

#### **(i) Operation and Maintenance (O&M) Expenses to Repair Legacy Generation and Water Facilities**



Since the beginning of the FY2023 budgeting process in early 2022, PREPA developed and updated a comprehensive enhanced maintenance program to address the real needs of its aging generation fleet – to avoid the very frequent generation-related forced outages that preceded the appointment of the utility's current management. In doing so, PREPA identified priorities to achieve increased system reliability, availability, and environmental compliance. Based on those strategic operational and maintenance priorities and keeping with the management objectives of ensuring system reliability and availability, PREPA is seeking authorization from the Oversight Board to update and modify the FY2023 Budget. The budget amendment requested herein will help PREPA, and soon Genera PR, ensure adequate, reliable, and dependable power generation that is essential for the electric system's operation.


As detailed in PREPA's December 8, 2022's letter to the Oversight Board (December 8<sup>th</sup> Letter), PREPA's January 11, 2023's request for information (RFI) response to the Oversight Board (RFI Response), and various meetings and conference calls with Oversight Board representatives since early November 2022, PREPA has firmly stated and evidenced the need of additional funding to undertake the work detailed therein. FOMB inaction has delayed the performance of necessary work, which may ultimately lead to forced outages, increased fuel expense, and environmental penalties imposed by the Environmental Protection Agency (EPA).

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<sup>1</sup> The \$29.4 million in estimated costs includes the \$27.3 million amount stated in the March 9<sup>th</sup> Letter plus \$2.1 million, or 7.65%, for Social Security and Medicare Taxes, for the implementation of the Voluntary Transition Program of PREPA employees transitioning to Genera PR.



PREPA has repeatedly explained to FOMB the risks and costs associated with delaying planned maintenance, which includes work required for environmental compliance. In fact, as soon as the first day of FY2023, PREPA sent a letter to the Oversight Board clearly explaining the adverse effects of the significant reductions made by the FOMB in PREPA's FY2023 Certified Budget. In order to address these operational challenges, and to not further interrupt the cadence and sequence of scheduled and unscheduled repairs and maintenance, while transitioning generation services to Genera PR, PREPA urgently requires improved operating resources and additional maintenance for the legacy generating units and water facilities. We include copy of PREPA's January 11, 2023's RFI Response to the Oversight Board, including Exhibit C, in addition to a updated Exhibit E of such RFI Response, showing specific, necessary works.



As an example of the critical works included within PREPA's requested budget increase, PREPA is requesting at least \$5.7 million to proceed with necessary works required for compliance with U.S. Federal Environmental laws as mandated under the EPA Consent Decree. These works include urgent environmental repairs at San Juan 7, Palo Seco 3, and Costa Sur 5 & 6 for outsourced contract work, equipment rental, and other repair and maintenance expenses. The anticipated maintenance activities include performance and completion of mechanical repairs, refractory rehabilitation and boiler insulation, welding and mechanical repairs to auxiliary equipment and boilers, and boiler cleaning.


Included as an attachment to this letter is PREPA's latest generation maintenance schedule, which details the planned sequence of environmental outages to perform the necessary work. To avoid EPA penalties, PREPA shall start the repair of Palo Seco 3 during the next week and of San Juan 7 and Costa Sur 5 & 6 during the following 3 to 4 weeks. PREPA's request in its December 8<sup>th</sup> Letter included contracting and other expenses to execute these works. This type of work was discussed during the meetings and conference calls with Oversight Board representatives since early November 2022.

In light of the above, PREPA hereby reiterates it requests for an amendment to PREPA's operational and necessary maintenance expense FY2023 Budget totaling \$60 million, as further detailed in PREPA's December 8<sup>th</sup> Letter and RFI Response. PREPA's compliance with its duties and obligations during the remainder of FY2023, including its transition works according to the LGA OMA, require the execution of this amendment to the budget. The required amendment does not impact the energy sales rates, nor it represents a burden to the customers, as the update is based on revenues from reimbursed federal funds.



**(ii) Pension Funding**

During the pendency of PREPA's Title III bankruptcy proceeding, the Oversight Board has certified budgets for PREPA that have, in most years, included an employer contribution to the PREPA ERS that reflected the pre-petition employer contribution amount of roughly 35% percent of salaries. The funded status of the PREPA ERS was already strained prior to PREPA's Title III filing and the continued demographic shift in PREPA's employee base due to retirements and resignations without an increase in the employer contribution has further exacerbated the financial condition of the PREPA ERS. As of the date hereof, the PREPA pension system faces a liquidity crisis and has stated that it will likely not be able to pay the full monthly pension benefit payments during FY2023.<sup>2</sup>



In order to address the PREPA ERS's near-term liquidity challenges, PREPA hereby requests Oversight Board's approval for a budget amendment to increase the employer contribution to the PREPA ERS in the amount of \$150 million to ensure sufficient funding of benefit payments for an additional five (5) to six (6) months while a long-term solution is negotiated and implemented. Notably, as the Oversight Board acknowledged in connection with Puerto Rico's Certified Fiscal Plan, "[s]atisfying pension commitments to current retirees and future retirees and their families is not only important to these individuals but also important to Puerto Rico's economy as retirees spend virtually all their income on the Island."<sup>3</sup>

It is stressed that thousands of PREPA retirees and employees will be adversely affected if they do not receive their pensions and other benefits, especially when they need it the most. This is recognized in the Certified Fiscal Plan, as cited before, and, therefore, it should not be an option to fail in providing the corresponding payments to those thousands of public servants. This, especially considering that the proposed amendment does not impact the energy sales rates, nor it represents a burden to the customers, as the update is based on revenues from reimbursed federal funds.

**(iii) Genera PR Mobilization Service Fee**

Pursuant to the LGA OMA, which the Oversight Board approved, PREPA deposited \$15 million from its operational account into a new and dedicated mobilization account – as further requested by the P3A in a letter dated February 10, 2023. The purpose of this account is to fund, from time to time and as may be authorized by the P3A, Genera PR's mobilization costs as it transitions to service commencement date under the LGA OMA. Pursuant to the LGA OMA, this mobilization service fee

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<sup>2</sup> Based on the latest projection from PREPA ERS dated March 10, 2023, plan assets would be depleted by May 2023, depending on value of liquid assets and assumptions on outflows including payments to active plan members and reimbursements to former plan members.


<sup>3</sup> 2021 Certified Fiscal Plan for Puerto Rico, Chapter 20 – Pension Reform (Page 273)



shall be an aggregate amount sufficient to compensate Genera PR for all labor costs and any other reasonably necessary and documented costs and expenses incurred while providing mobilization services and satisfying service commencement date conditions.

On March 9, 2023, the Title III Court approved an administrative expense claim in favor of Genera PR for PREPA's obligations to Genera PR during the mobilization period. Accordingly, PREPA hereby requests the necessary FY2023 budget amendment approval from the Oversight Board for all relevant purposes and actions in accordance with applicable law, PREPA's transformation obligations, and, specifically, its obligations under the LGA OMA.

(iv) **Voluntary Transition Program**



Act 120-2018, as amended by Act 17-2019, provides safeguards for ongoing employment and certain vested rights for PREPA employees in connection with any public-private partnership concerning PREPA assets. Pursuant to Act 120-2018, the Government of Puerto Rico Human Resources Administration and Transformation Office (OATRH, for its Spanish acronym) and the Puerto Rico Office of Management and Budget (OGP, for its Spanish acronym) identified open positions across Puerto Rico's central government to ensure that jobs would be available for every PREPA employee that wants to stay employed with the Government. In addition to the opportunity to continue working with the Government of Puerto Rico, employees have the option to exit public service and participate in a Voluntary Transition Program (VTP), as an alternative resolution for the safeguards provided for under Act 120-2018.

In furtherance of the above, on March 9, 2023, the Oversight Board sent a letter to the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF," for its Spanish acronym) indicating that it had "Approved with Conditions" a proposed Administrative Order to enact the VTP, subject to an amendment to PREPA's Certified Budget reflecting the VTP's projected expenditure and a proportional cash revenue to allow for the VTP-related disbursement. This, as part of the transaction to transfer the thermal generation assets' O&M to Genera PR. Therefore, PREPA hereby requests the Oversight Board to approve an amendment to the FY2023 budget, providing \$29.4 million to cover estimated costs associated with the implementation of the VTP related to the transaction of Genera PR, in accordance with PREPA's obligations under Puerto Rico law.


**Acknowledgment Regarding Use of Unused Funds**

PREPA hereby affirms that to the extent any of the requested additional funding is not utilized, any remaining funds will be promptly transferred back to PREPA's operational account.



## Conclusion

The urgency and imperative of these requested budgetary amendments cannot be overstated. For appropriate context, the FY2023 budget development process took place before your arrival to lead the Oversight Board as Executive Director. During that process, the Oversight Board broadly reduced PREPA's proposed budget, including drastic cuts to PREPA's proposed Generation O&M – so that the collective budgets between LUMA Energy LLC (LUMA) and PREPA could fall within the 2017 rate order. PREPA management strongly opposed these reductions – and provided ample justification (financial and operational) in support thereof. Among others, PREPA management advocated for additional budget for critical generation repairs arguing that the allocation of the forecasted revenues between LUMA and PREPA should consider the fragile condition of the generation fleet, in light of the access that LUMA has to federal funding to develop transmission and distribution reconstruction projects.



To address PREPA management's demands at the time, the Oversight Board representatives promised that PREPA could request budget adjustments as needed during the fiscal year, with appropriate justification and support, as the approved budget was consumed. In addition, the Oversight Board representatives argued that PREPA should find other revenue sources, like the reimbursement of federal funds, which PREPA was already requesting for the generating units' repairs works conducted during fiscal year 2021-2022. Therefore, PREPA's employees worked hard to complete the repairs works, in addition to request federal funds reimbursements for these works plus other pending claims, which amounted approximately \$340 million during the calendar year 2022 and about \$70 million during the calendar year 2023. Based on those negotiations, and representations made, during the course of this FY2023, PREPA management has requested the Oversight Board's approval for budgetary funding adjustments on multiple occasions without the need for a rate adjustment(as detailed above).

Despite the Oversight Board's representations at the time, PREPA's repeated attempts to adjust and amend the budget have been ignored or denied. After months of exchanges, in an unprecedented manner, PREPA was surprisingly directed to the Puerto Rico Energy Bureau (PREB) for approval of any budget amendments, despite the Oversight Board has repeatedly asserted its budgetary authority over PREB (See Commonwealth Fiscal Plan). This has caused a further drawn-out and inconclusive regulatory process for budget adjustments that are time sensitive to maintain the reliability of the power system and to comply with regulations and other PREPA's obligations. Unfortunately, the Oversight Board's inaction has delayed the performance of necessary work and efforts, which increases the risk to the electric system reliability and safety, including potential forced outages, increased fuel expenses, and EPA imposed penalties.

Lastly, in PREB's Resolution issued on February 27, 2023, finally approving the FY2023 budget which had been previously certified by the Oversight Board on June 30, 2022, the



PREB rejected PREPA's December petition for FY2023 budget amendment. PREPA management seeks to obtain expeditious approvals for urgent budgetary funding requirement from the Oversight Board. As mentioned before, we include PREPA's latest generation maintenance schedule, which details the planned sequence of environmental outages to perform the necessary work.

In addition to increase the risk of instability and load shedding events as a result of continue delaying necessary repairs to the generation fleet, the lack of funds in the current FY2023 budget will cause PREPA's non-compliance with environmental regulations and other regulatory obligations, including, but not limited to, requirements from the PREB and Puerto Rico's Legislature. Furthermore, the lives of thousands of PREPA's retirees and employees are at risk, if PREPA ERS is not able to pay the pensions and benefits before the end of the fiscal year.

Therefore, PREPA urges the Oversight Board to look at the worth of amending PREPA's budget, not only to comply with the LGA OMA, but also to provide an adequate transition to Genera PR, maintaining the safety and reliability of the power system, and protecting thousands of public servants. This is possible without affecting customers energy bills, basing the amendment on the reimbursed federal funds that PREPA's employees have been capable to gather, after great effort and dedication.

PREPA will continue working for the benefit of the people of Puerto Rico and looks forward to doing so collaboratively and with the support of the Oversight Board.

Cordially,



Josué A. Colón-Ortiz  
Executive Director

#### Annexes

c Omar J. Marrero Díaz, Esq., Executive Director, AAFAF; [Omar.Marrero@aafaf.pr.gov](mailto:Omar.Marrero@aafaf.pr.gov)  
Fernando Gil Enseñat, Esq., President, PREPA Governing Board; [fernando.gil@prepa.com](mailto:fernando.gil@prepa.com)  
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Mary C. Zapata Acosta; Deputy Executive Director, PREPA; [Mary.Zapata@prepa.com](mailto:Mary.Zapata@prepa.com)



## Annex G

**SISTEMA DE RETIRO DE LOS EMPLEADOS DE LA  
AUTORIDAD DE ENERGÍA ELÉCTRICA DE PUERTO RICO**



**CERTIFICACIÓN DE ESTIMADO DE EFECTIVO**

Certificamos que el Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica estará imposibilitado de pagar los beneficios de jubilación y otros desembolsos desde mayo de 2023, según el siguiente estimado de efectivo disponible:

	Febrero	Marzo <sup>1</sup>	Abril <sup>1</sup>	Mayo <sup>1</sup>	Junio <sup>1</sup>	Julio <sup>1</sup>	Agosto <sup>1</sup>	Septiembre <sup>1</sup>	Octubre <sup>1</sup>
Efectivo en Banco Local	\$3,370,296	\$6,847,075	\$3,373,102	\$2,792,704	\$0	\$0	\$0	\$0	\$0
Inversión Liquidable (NT Short-term Gov't Bond Index)	92,964,267	65,493,495	42,446,333	15,446,333	0	0	0	0	0
<b>BALANCE INICIAL EFECTIVO</b>	<b>96,334,563</b>	<b>72,340,570</b>	<b>45,819,435</b>	<b>18,239,037</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recibos Mensuales de Efectivo</b>									
<b>Aportaciones AEE:</b>									
Aportación Patronal	1,363,085	2,040,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	2,040,000	1,360,000
<b>Descuentos a Miembros:</b>									
Aportaciones	1,923,166	2,025,794	1,784,488	1,784,488	1,784,488	1,784,488	1,784,488	1,784,488	1,784,488
Préstamos Personales	622,370	749,328	622,370	621,470	620,970	618,477	617,370	749,327	617,270
Préstamos Hipotecarios	518,988	131,444	131,444	130,444	129,244	128,144	127,944	125,444	123,944
Otros Recibos de Efectivo	40,278	40,300	40,300	40,300	40,300	40,300	40,300	40,300	40,300
<b>Total Recibos de Efectivo</b>	<b>4,467,887</b>	<b>4,986,865</b>	<b>3,938,602</b>	<b>3,936,702</b>	<b>3,935,002</b>	<b>3,931,409</b>	<b>3,930,102</b>	<b>4,739,559</b>	<b>3,926,002</b>
<b>Desembolsos Mensuales de Efectivo</b>									
Nómina de Jubilados y Bene. Cónyuge Supérstite	(22,780,051)	(22,883,000)	(22,894,000)	(22,995,000)	(23,005,000)	(23,015,000)	(23,025,000)	(23,035,000)	(23,045,000)
Año de Sueldo	(1,147,344)	(1,125,000)	(1,125,000)	(1,125,000)	(1,125,000)	(1,125,000)	(1,125,000)	(1,125,000)	(1,125,000)
Bono de Verano/Aguinaldo Navideño	-	-	-	-	-	-	-	-	-
Pago Otros Beneficios y Otros Pagos	(4,534,485)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
<b>Total Desembolsos de Efectivo</b>	<b>(28,461,880)</b>	<b>(31,508,000)</b>	<b>(31,519,000)</b>	<b>(31,620,000)</b>	<b>(31,630,000)</b>	<b>(31,640,000)</b>	<b>(31,650,000)</b>	<b>(31,660,000)</b>	<b>(31,670,000)</b>
<b>BALANCE FINAL EFECTIVO</b>	<b>\$72,340,570</b>	<b>\$45,819,435</b>	<b>\$18,239,037</b>	<b>(\$9,444,261)</b>	<b>(\$27,694,998)</b>	<b>(\$27,708,591)</b>	<b>(\$27,719,898)</b>	<b>(\$26,920,441)</b>	<b>(\$27,743,998)</b>

<sup>1</sup> Cantidades estimadas

En San Juan, Puerto Rico, hoy 10 de marzo de 2023.

Rafael Gómez Irizarry, Administrador