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Puerto Rico Energy Bureau  
of the Public Service Regulatory Board  
268 Munoz Rivera Ave.  
World Plaza Building  
Suite 704  
Hato Rey, PR 00918

Re: Resolution and Order entered on March 25, 2023

Case no: NEPR-MI-2021-0004

In Re: Review of LUMA's Initial Budgets

To the Honorable Energy Bureau:

Genera PR LLC ("Genera") submits this response in compliance with the *Resolution and Order* ("Order") with the subject *Request for Information on PREPA's March 14, 2023 Amendment Request* entered by the Puerto Rico Energy Bureau of the Public Service Regulatory Board ("PREB") on March 25, 2023, in the matter of *In Re: Review of LUMA's Initial Budgets*. The Order directs Genera to share its position regarding the Necessary Maintenance Expenses ("NME") activities proposed by the Puerto Rico Electric Power Authority ("PREPA") in the document titled *Request to Amend FY2023 PREPA Budget for Implementation of FOMB Certified Fiscal Plan Transformation Initiatives* filed on March 14, 2023 ("March 14 Motion").<sup>1</sup> Genera has interpreted "NME activities" as those listed by PREPA in Annex D (Incremental NME, listed on the second page of Annex D) of the March 14 Motion. Genera's position is as follows:

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<sup>1</sup> The representations made by Genera in this memorandum are based upon the review of the March 14 Motion and the projects listed in Annex D, *Incremental NME*.

On January 24, 2023, Genera entered into an agreement<sup>2</sup> with PREPA and the Puerto Rico Public-Private Partnerships Authority to provide O&M Services (such agreement, the "Generation OMA").<sup>3</sup> Pursuant to the provisions of the Generation OMA, Genera is not providing O&M Services yet. Currently, Genera's services to PREPA are limited to Mobilization Services, which, under the terms of the Generation OMA, are services rendered before the Service Commencement Date to complete the Mobilization Services and handover to Genera of the operation, management and other rights and responsibilities concerning the Legacy Generation Assets ("LGA"). Mobilization Services *do not* include operating and maintaining the LGA. Accordingly, Genera is not currently responsible for operating and maintaining PREPA's LGA and associated activities. PREPA is the entity tasked with operating and maintaining the LGA until the Service Commencement Date.

Through the March 14 Motion, PREPA has represented to PREB that the request to amend the FY23 Generation Budget, which would, in turn, enable funding for the NME activities, will help PREPA ensure adequate, reliable, and dependable power generation, which is essential for the electric grid operation. PREPA mentions that PREB's approval to continue with these projects will ensure that the maintenance and repair projects that are currently ongoing are not interrupted.

After reviewing the March 14 Motion, PREPA's allegations made therein, and the NME activities listed on the second page of Annex D therein, Genera understands that PREPA has proposed the NME activities in order to continue with the repair and maintenance program of the LGA. More importantly, PREPA expects the NME activities to increase the reliability of the LGA without requiring an amendment to the base rate, thus, at no additional costs to LUMA Energy, LLC's ("LUMA") customers.<sup>4</sup> Further, as stated and shown by LUMA in the

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<sup>2</sup> *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* dated as of January 24, 2023, entered into by PREPA, the Puerto Rico Public-Private Partnerships Authority and Genera.

<sup>3</sup> Capitalized terms used but not defined in this response will have the meaning ascribed thereto in the Generation OMA.

<sup>4</sup> Genera's evaluation of the NME activities was limited to the benefits of continuing with the NME activities and the detriment of limiting or stopping these activities. Genera did not evaluate the costs assigned by PREPA to each activity.

Generation Stabilization Plan presented to PREB on March 15, 2023,<sup>5</sup> repeated changes to maintenance schedules put effective planning of outate scheduling at risk, and there is a continued risk of load-shedding events during the upcoming peak season. Therefore, Genera supports any activity that can be executed by PREPA during the mobilization period and continued by Genera after Service Commencement Date to secure the continuance of maintenance repairs and stabilize planning and scheduling. Nonetheless, it is respectfully requested that PREB, exercising its power of fiscal oversight, evaluates the impact that the execution of the NME activities would have on PREPA's liquidity.

Genera is committed to working with PREB to benefit Puerto Rico.

Cordially,

Genera PR LLC

A handwritten signature in black ink, appearing to read 'Katuska Bolaños-Lugo', written in a cursive style.

Katuska Bolaños-Lugo  
Chief Regulatory Officer

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<sup>5</sup> Presented with the *Motion Submitting Ninth Update of Stabilization Plan for Temporary Emergency Generation Capacity* in case no. NEPR-MI-2022-0003 in the matter of *In Re: LUMA's Response to Hurricane Fiona*.

Copy sent via email to:

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PREPA

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