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

IN RE: REVIEW OF LUMA'S INITIAL BUDGETS	**CASE NO**.: NEPR-MI-2021-0004 **SUBJECT**: Request for Reconsideration of May 9, 2023's Order Related to PREPA's Request to Amend FY2023 PREPA Budget

REQUEST FOR RECONSIDERATION OF MAY 9, 2023'S ORDER RELATED TO PREPA'S REQUEST TO AMEND FY2023 PREPA BUDGET

COMES NOW the Puerto Rico Electric Power Authority ("PREPA"), through its counsel of record, and respectfully submits and requests as follows:

I. Introduction

During the past two years PREPA has been insistent and constant with the Honorable Puerto Rico Energy Bureau of the Public Service Regulatory Board ("Energy Bureau" or "PREB"), in its intent to impress upon the regulatory entity the unequivocal need to have resilient and reliable generation of energy for the People of Puerto Rico while the ongoing transition to renewable energy ensues and becomes a concrete reality. Unfortunately, over and over again PREPA has been denied the approval to pursue necessary maintenance and repairs on baseload and peaking units that would allow a more reliable generation system. Likewise, PREPA has been denied the conversion of San Juan Units 7, 8, 9 and 10 which would have the capability of providing much needed generation reliability as well as compliance with the Environmental Protection Agency ("EPA") air standards necessary to circumvent fines and the shutdown of more contaminating units. This last denial was both through a formal petition to comply with environmental standards as well as through a denied request to update or amend the Approved Integrated Resource Plan

("IRP"). The further denial of necessary maintenance and repairs for PREPA's generation fleet through the denial of necessary funds is but another example of the paralyzing bureaucracies that has resulted in PREPA not being able to carry out the necessary and timely maintenance and repairs on its generation fleet with the extent and depth each unit requires. PREPA's only intent during the past years has been to execute its legal and fiduciary responsibilities despite being hindered by the fiscal and regulatory obstacles that have inherently affected the dependability and quality of reliable energy generation it is bound to provide. As applicable to this request, PREPA is urgently requesting the Energy Bureau reconsider its May 9, 2023's Resolution and Order ("May 9 Order"), by which it only partially approved PREPA's request for funds to cover necessary maintenance expenses particularly in regard to the Aguirre Power Plant. It is urgently necessary that the funds are approved so PREPA is able to perform the necessary maintenance for this plant given that the energy generation from this asset is essential to presently maintain the necessary generation reserves. See Annex 1, *Maximum Generation May 2022 vs May 2023 Correlated to Spinning Reserves*.

II. PREPA Requests for Generation Repair and Maintenance Projects

As of October 2021, PREPA conducted an assessment of its generation fleet given the load shedding events that had transpired during August and September 2021. The assessment identified that maintenance and mayor repairs on turbines, boilers, generators, and hangers were well overdue. An action plan was immediately designed by PREPA including the estimated funds needed and the time it would take to bring the generation fleet up to date.

As a result of the above, on November 15, 2021, PREPA filed before the Energy Bureau a document titled *Motion to Submit Fourth Group of Generation Projects* ("November 15 Motion"). Through the November 15 Motion, PREPA submitted one hundred-four (104) work descriptions

in Attachment A ("Generation Projects") containing a general description of works of conservation, repairs, and retrofitting of generation units and their auxiliary equipment, including, without limitation, boilers, turbines, rotors, generators, motors, pumps, breakers, and control systems for their generation power plants. The works are to be performed in the following Plants: San Juan Power Complex, Aguirre Power Plant and Combined Cycle, Costa Sur Power Plant, Palo Seco Steam Plant, Hydrogas Turbine Peaking Units, Cambalache, Mayagüez Gas Turbines, and a list of tasks to be performed in all the power plants. PREPA prepared a comprehensive list of repairs works projects of its generation assets and for which PREPA would seek reimbursement under several programs of the Federal Emergency Management Agency ("FEMA") (*i.e.,* Section 404, Section 428 Public Assistance, etc.). In addition, on November 29, 2021, PREPA filed before the Energy Bureau a document titled *Motion to Clarify and Request for Technical Conference* ("November 29 Motion"), which presented further information to the request submitted in the November 15 Motion.

On January 4, 2022, the Energy Bureau issued a Resolution and Order ("January 4 Order") addressing the November 15 and November 29 Motions. Through the January 4 Order the Energy Bureau conditionally approved the generation projects described in Attachments A to H, pending the submittal by PREPA of the Scope of Works ("SOWs") of each project. In response, PREPA submitted all SOWs during the following month, from January 13 to February 14, 2022[1]. Thereafter, and after various motions and procedural events and multiple motions filed by PREPA[2] on June 4, 2022, the Energy Bureau entered Resolution and Order ("June 4 Order") denying ten

[1] PREPA presented all the SOWs in 6 motions submitted on January 13, 25 and 28 and February 2, 8, and 14, 2022.
[2] PREPA requested PREB's approval of all generating units' repairs works in multiple motions including, among others, its *Petition for Leave to Conduct Works in PREPA's Steam Units to Achieve Environmental Regulatory Compliance* of February 11, 2022; its last response to the request for information in PREB's January 4 Order presented on February 23, 2022; and its *Motion to Submit Letter Sent By the Oversight Board, to Reiterate the Petition to Initiate Works to Comply with Environmental Regulations, and Request for Technical Conference* of June 3, 2022.

(10) of the fifteen (15) Proposed Generation Projects. The SOW's approved were Nos. 4073, 4075, 4080, 1012 and 1019. stating, among other matters, that the reason for the denied projects was the following:

> As it is known, PREPA's Proposed IRP was evaluated by the Energy Bureau in an adjudicative proceeding under Case No.: CEPR-AP-2018-0001. On August 24, 2020, the Energy Bureau issued the IRP Final Order, approving in part PREPA's Proposed IRP.[11] The Approved IRP includes a Modified Preferred Resource Plan ("Action Plan") considering, among others, specific planning parameters for the power generation capacity additions[12] and retirements.[13] In the Approved IRP, the Energy Bureau established a schedule for minimum quantities of renewable resources and battery energy storage resources to be procured through Request for Proposals ("RFP") processes. It also directed PREPA to submit a renewable resource and battery energy storage procurement plan ("Procurement Plan"). Specifically, the Approved IRP included a program for six (6) tranches of procurement for renewable energy and battery storage resources from third parties,[14] in support of, among other things, meeting Act 17-2019[15] targets for renewable energy installations.[16] The implementation of the approved Procurement Plan is ongoing, and the Energy Bureau expects that a substantial number of renewable resources be integrated in the Puerto Rico Electric System by the end of 2025. Consistent with the foregoing, the Approved IRP determined that PREPA should retire its older, oil-fired steam and certain combined cycle turbines assets in order of the declining cost to operate when they are no longer necessary for system reliability during the period of 2021 and 2025.

Through the June 4 Order, the Energy Bureau also determined not to approve eight (8) projects under SOWs No. 1016, 1021, 1022, 1027, 1028, 2029, 4069 4070, and 6088 (the "Denied Generation Projects"). The Energy Bureau expressed that they addressed the Denied Generation Projects considering the extent of the proposed works in their corresponding power plants, in relation to the Approved IRP[3]. Regarding the projects

[3] *Final Resolution and Order on the Puerto Rico Electric Power Authority Integrated Resource Plan* entered in Case No. CEPR-AP-2018-0001, *In Re: Review of the Puerto Rico Electric Power Authority Integrated Resource Plan* ("Final IRP Order"), approving the 2020 IRP, herein referenced as the Approved IRP and also the Modified Action Plan.

proposed under SOWs No. 1016, 1021, 1022, 1027, and 1028, the Energy Bureau determined that they comprise major works at the San Juan Power Plant Units 7, 8, and 10 (collectively, the "San Juan Power Plant Deferred Projects"), and noted that some of those units were not even considered as available resources for the purposes of the Approved IRP, while others are within the retirement schedule for years 2021-2025. The Energy Bureau determined that the San Juan Power Plant Deferred Projects were not supported by the Approved IRP, since these projects were directed at extending the units' useful life beyond such schedule. The Energy Bureau also stated that PREPA did not include in the Proposed IRP major works to comply with the environmental regulations, including MATS and SO2-NAAQS, and therefore, the scope and estimated costs of the extension of the useful life of the generation facilities were not a part of the modeling of the Proposed IRP. Regarding SOWs No. 2029, 4069 and 4070, the Energy Bureau determined that such projects comprise major repair, rebuilding, rehabilitation, and/or replacement works at Aguirre Power Plant (Steam Unit #1) and Palo Seco Power Plant (Steam Unit #3), respectively. The Energy Bureau further stated that these power plants are not in acceptable operational conditions, do not comply with MATS and would require a non-economically viable capital investment to reach MATS compliance and acceptable operational conditions. The Energy Bureau determined that SOW 2029, 4069 and 4070 are aimed at extending Aguirre Power Plant (Steam Unit #1) and Palo Seco Power Plant (Steam Unit #3) beyond 2025, until 2028 and 2029, which is not supported by the Approved IRP. Regarding the project proposed under SOW 6088 ("Cambalache Power Plant Deferred Project"), the Energy Bureau determined that it comprises major works at Cambalache Plant (Gas turbine GT-1), and that it is inconsistent with the Approved IRP,

since it was excluded from the Proposed IRP as an available generation resource because it is not planned to be returned to operating condition in the foreseeable future.

In response to the June 4 Order, on June 24, 2022, PREPA filed its Urgent Motion for Reconsideration of the June 4 Order ("June 24 Motion"). Through the June 24 Motion, PREPA reiterated its request for approval of the Denied Generation Projects and included various exhibits with the intent of demonstrating to the Energy Bureau that the generation shortfalls that had occurred during the period from 2019 through 2022 could be prevented through the implementation of the Generation Projects that had been denied. Specifically, PREPA asserted that the Denied Generation Projects were needed to prevent generation loss, reduce forced outages, increase availability, and therefore avoid load shedding events, brownouts, and blackouts. In addition, PREPA stressed that the Denied Generation Projects are consistent and in accordance with the Approved IRP, which has provisions to maintain a safe and reliable electrical service while the integration of reliable new resources is completed. This, as the Approved IRP states that "PREPA should retire its older, oil-fired steam and certain combined cycle turbines assets in order of the declining cost to operate **when they are no longer necessary for system reliability**" (emphasis added). In light of the above, PREPA hereby adopts by reference and reiterates its request for approval of the Denied Generation Projects in the June 24 Motion, specifically the San Juan Power Plant Deferred Projects and Cambalache Power Plant Deferred Project.

PREPA also stated that with the Energy Bureau's leave, it would seek FEMA reimbursement of the costs associated with the Denied Generation Projects and therefore, the People of Puerto Rico would have a more reliable generation system at no cost while renewable energy is integrated into the system. PREPA also insisted that its dependable available generation capacity was insufficient to comply with the minimum reserve requirements. Consequently,

PREPA asserted that if one significant forced outage occurred it may not have available generation to cover the demand and reserve requirements. As a result of the above, through Resolution and Order dated July 21, 2022 ("July 21 Resolution"), the Energy Bureau reevaluated certain portions of the June 4 Order, particularly its determination about the proposed projects in the Aguirre Power Plant and the Palo Seco Power Plant under SOWs No. 2029, 4069 and 4070 ("Aguirre and Palo Seco Power Plants Deferred Projects") and approved the same. Nevertheless, the deferred projects proposed for the San Juan and Cambalache power plants were not addressed in the July 21 Resolution and the Energy Bureau determined that it *continued analyzing* SOWs 1016, 1021, 1022, 1027, 1028 and 6088.

PREPA has repeatedly reiterated that all the motions it has filed requesting the approval of the Generation Projects, among other works, are genuine efforts which are aligned with the Approved IRP as they are necessary for the integration of renewable energy sources and for maintaining the adequate reliability of the electric system while this transition occurs. However, given that the Energy Bureau has continuously stated that its denial of several Generation Projects is due to inconsistencies with the Approved IRP, PREPA requested an expedited amendment to the current IRP to proceed with the Denied Generation Projects and other works as they are necessary for PREPA to provide an adequate and reliable electric service to the People of Puerto Rico.

In furtherance of PREPA's continued efforts to seek approval of necessary projects for resiliency and reliability of PREPA's generation fleet, on October 11, 2022, PREPA submitted to the Energy Bureau a document titled *Request to Amend PREPA's Integrated Resource Plan*

("October 11 Motion")[4], through which it requested the Energy Bureau to grant leave to amend the Approved IRP and grant PREPA the authorization to convert Units 7, 8, 9 and 10 of the San Juan Power Plant (collectively, the "San Juan Steam Units") to dual fuel burning capacity with the added capability of burning natural gas. Thereafter, on October 12, 2022, PREPA filed a document titled *Supplement to Request to Amend PREPA's Integrated Resource Plan* ("October 12 Motion") through which it restated the arguments set forth in the October 11 Motion and requested the Energy Bureau to: (i) note the schedule to convert the San Juan Steam Units; (ii) amend the Approved IRP and Modified Action Plan or grant dispensation of the Approved IRP and Modified Action Plan to allow Cambalache Power Plant Unit 1 to remain in operation; and (iii) grant PREPA leave to continue with the repair and maintenance of the San Juan Steam Units and Cambalache Power Plant Unit 1, granting leave to present SOWs 1016, 1021, 1022, 1027, 1028, and 6088 to the Central Office for Recovery, Reconstruction and Resiliency ("COR3") and FEMA. PREPA hereby incorporates and restates its arguments made in the October 11 Motion and the October 12 Motion, for the approval of the Denied Generation Projects and the fuel conversions of San Juan Steam Units.

Unfortunately, and notwithstanding the above, on October 12, 2022, the Energy Bureau entered a Resolution and Order stating that it would not consider the October 11 Motion nor the October 12 Motion and returned the October 11 Motion and the October 12 Motion to PREPA ("October 12 Order"). The Energy Bureau stated that the October 12 Order was issued because, pursuant to Section 5.6(f) of the transmission and distribution operation and maintenance agreement ("OMA") executed by PREPA, the Puerto Rico Public-Private

[4] This request was filed given the Energy Bureau's previous denial of the February 11 Petition, that is discussed in Section III of this motion, and its instruction that any petition to modify or alter the Approved IRP must be evaluated by the Energy Bureau.

Partnerships Authority ("P3A"), and LUMA Energy, LLC ("LUMA") on June 22, 2020, it was now LUMA's responsibility to file amendments or waivers to the Approved IRP.

Thereafter, by Resolution and Order dated October 21, 2022 ("October 21 Order") the Energy Bureau approved previously Denied Projects proposed under SOWs. No. 1022 and 1027, about the San Juan Power Plant Unit 7 (collectively, the "San Juan 7 Deferred Projects") but that it would not analyze any further or consider in any way the remaining San Juan Plant Deferred Projects (*i.e.,* SOW No. 1016, 1021 and 1028 for units 8 and 10).

In response to the October 21 Order, on October 22, 2022, PREPA submitted its *Request for Order Regarding Repairs, Request for Reconsideration, and Inform Regarding Batteries* ("October 22 Motion"), in which PREPA respectfully requested the Energy Bureau to (1) grant PREPA leave to continue with the repair and maintenance of the San Juan Units 8 and 10 and the Cambalache Unit 1 granting leave to present SOWs 1016, 1021, 1028, and 6088 to COR3 and FEMA, (2) grant PREPA leave to continue with the Emergency Generation Units project, and (3) note that PREPA will proceed with a project to include energy storage with FEMA 404 funds. PREPA hereby incorporates and restates its arguments made in the October 22 Motion for the approval of the Denied Generation Projects at Cambalache Unit 1 and San Juan Units 8 and 10.

Among others, PREPA's October 22 Motion stated that:

1. The need to maintain PREPA's generation fleet in service with all its maintenance and repairs up to date is undeniable, as part of the sound and responsible operation of the generation fleet. This fact is enhanced by the reality of Puerto Rico being an isolated energy system and the reality of the fragility of the generation system.

2. The Caveats and Limitations of the Approved IRP regarding a significant decline of the load served by PREPA have not been met during the last years, as the load demand has increased, and the projection is that the demand could increase near 3,000 MW in the following years, according to PREPA's certified 2022 Fiscal Plan approved by the Financial Oversight and Management Board ("FOMB" or "Oversight Board"). Therefore, the power system must have enough dependable generation capacity to supply the demand safely and reliably and, thus, avoid huge and frequent load-shedding events.
3. Considering that sufficient capacity of new renewable resources is not expected to be reliably interconnected with the power system at least during the following three to five years, it is imperative that the Energy Bureau act accordingly and allow Puerto Rico's energy system to provide reliable energy to the People of Puerto Rico. For this purpose, PREPA's priority is that the requested repairs are conducted to maintain the generating units online with the essential purpose of providing the necessary resources to serve the growing demand projections and to provide continuity and reliability in the electrical service.
4. The requested repairs do not constitute a major overhaul of the generating units, in which every and all components and auxiliary equipment of the generating unit are inspected and repaired. The requested repairs are major but do not cover all the parts and equipment of the unit. The following list provides details of the requested repairs:

- San Juan Unit 8 – In this unit, it is necessary to replace most of the boiler furnace wall piping and repair auxiliary components, such as feed pumps, circulation pumps, deaerator pumps, and induced and forced draft fans, including their motors. Also, it is necessary to inspect and repair the main power transformer and conduct an inspection of the generator.
- San Juan Unit 10 – This unit has been out of service for several years due to the failure of the low-pressure turbine rotors. It is necessary to replace the low-pressure rotors, conduct an inspection, and repair the generator. This, in addition to boiler work on burners, an inspection of air preheaters, and repair of air and gas expansion joints, among other work on the boiler. In addition, it is necessary to repair several auxiliary components, such as the condenser, feed pumps, circulation pumps, deaerator pumps, and induced and forced draft fans, including their motors.
- Cambalache Unit 1 – This gas turbine has been out of service for several years, since an electrical disturbance in a transmission line tripped the unit, causing a catastrophic failure in the unit. The generating unit experienced a loud noise, high pulsation levels, high turbine bearings vibrations, and the activation of the implosion door. Catastrophic failure was found in the hot gas casing, combustor's tiles, swirler fins, and compressor rotor. To bring this unit back to service it is needed to inspect the unit, repair the exhaust gas housing

and GT enclosure and filter house, and replace the hot gas path components, turbo compressor and blades, and gas turbine.

5. The generation produced by PREPA's fleet is limited. One of the constraints that PREPA constantly phases is that it needs to perform planned maintenance, but, due to the age and condition of the fleet, if another unit is forced out of the system, it causes a domino effect of postponing planned maintenance because there is no enough available generation to substitute the generation produced by the units that will be taken out of service for maintenance, maintaining a safe operational reserve. This is particularly significant when a unit needs to be retired for a planned major overhaul, like what PREPA must perform, for instance, to rehabilitate the San Juan Unit 7. However, to avoid this type of situation, PREPA made a holistic plan of repairs that was presented to the Energy Bureau with the November 15 Motion, which plan included considerations to address situations like the one mentioned above.
6. For example, with the November 15 Motion, PREPA presented the Energy Bureau with repairs and maintenance projects for the San Juan Units 7, 8 and 10. The reason to include all the units, besides all of them having the necessity of repairs and maintenance, is that to be able to retire San Juan Unit 7 for a significant overhaul, PREPA needs to substitute its generation with other units, and PREPA understood that at the time it would perform the San Juan Unit 7 overhaul, San Juan Units 8 and 10 would have been repaired by then and thus, San Juan Unit 7 could be put offline because San Juan Units 8 and 10 would replace the lost generation.

7. The repairs that PREPA deems necessary to be performed as promptly as possible to San Juan Units 8 and 10 are not contrary to the Approved IRP, as it recognizes that the load must be served while the renewables are integrated. The proposed repairs aim to do just that and have generation available to serve the customers. It is undeniable that PREPA needs a more dependable generation capacity now. It cannot wait until renewables and storage are installed in 2025, or a new combined cycle unit is commissioned in ten years. What PREPA is requesting from the Energy Bureau can be summarized as a request to perform the duties imposed upon it by its enabling law, which is serving electricity to the People of Puerto Rico.

In addition to the arguments in the October 22 Motion, it is noted that, if PREPA could had repaired San Juan Units 8 and 10 during 2022, these units could be currently online while PREPA conducts the repairs and environmental works on San Juan Units 7 and 9. This, maintaining a higher operating reserve and consequently, increasing the reliability and safety of the electrical system. Having these four units out of service has significantly limited the operating reserve, specially under the current weather conditions of high temperatures and generating units forced outages and capacity limitations in PREPA's and private operator's units. It is also noted that Puerto Rico's generation system availability and reliability has been affected by the current condition of the generating units of AES Puerto Rico LP ("AES"). Since 2018, AES has been experiencing an increase in the forced outages of its units.

For instance, recent forced outages from the generating units of AES have required to start more expensive peaking units to supply the energy demand, which, in turn, has increased when compared with the same period during last year. The energy production

reached a peak record for the current year with 2,863 MW on Tuesday, May 9, 2023, 7:58 P.M., 158 MW more than the same day last year. It is also noted that, on Monday, May 1, 2023, 7:42 P.M., the energy production was 2,847 MW, 375 MW more than the same day last year, which represents the highest increase in energy supply this year. If the mentioned weather conditions persist, the power system needs as much as generation capacity is available. Attached, please find a summary of recent energy production peaks and the peaks of the corresponding dates in 2022. This summary clearly shows that last week's energy production peaks have consistently been higher than those of similar days in 2022.

It must be noted that the system reliability decreases as the dependable available generation capacity decreases. When the available operational generation capacity is lower than the minimum required for a reliable operation, the power system is under a high risk of losing stability. This risk is even higher in an isolated system like Puerto Rico's system, where an instability event can evolve to a total outage or blackout more easily than in an interconnected system. To prevent such total system outage during generation capacity limitations, the system operator needs to execute partial outages across the power system, affecting thousands of customers. Therefore, outages resulting from generation capacity limitations usually disconnect huge blocks of load from the power system, which could include critical loads such as hospitals and other essential services facilities.

As PREPA has explained in multiple motions and more recently in its *Modified FY2023 Budget Amended Request for Implementation of FOMB Certified Fiscal Plan Transformation Initiatives and in Compliance with the March 25 Order* of April 2, 2023 ("April 2 Motion"), even though PREPA had completed several projects of it generating

units' repairs program, its thermal generation fleet is still fragile and, unfortunately, was further damaged by Hurricane Fiona on September 18, 2022. In addition, the generation system does not have enough dependable capacity to comply with the operating reserve required by the System Operating Principles ("SOP") prepared by LUMA and approved by the Energy Bureau. According to the SOP, the operating reserve in Puerto Rico shall be equal to or higher than 300 MW plus the MW capacity of the larger generating unit available. Considering the existing installed generating units' capacities, the operating reserve shall be maintained between approximately 700 MW and 750 MW.

In response to the damages caused by Hurricane Fiona to the generation fleet, a Federal Task Force was created with representatives from the U.S. ARMY Corps of Engineers ("USACE"), U.S. Department of Energy ("DOE"), FEMA, and EPA, to assess the condition of the power system after the passage of Hurricane Fiona. The Federal Task Force found, among others, that:

- Actions are necessary to eliminate or lessen the immediate threat to lives, public health, and safety due to the instability of the power grid exacerbated by Hurricane Fiona damage to generation, transmission, and distribution systems.
- There is insufficient generation reserve capacity to complete repairs and ensure stability of the system.
- As a course of action, it is needed to execute the following:
    - Short- to mid-term: Provide temporary generation, land-, water-based or both, to increase the power system capacity to complete priority emergency repairs to stabilize the system without significant interruption in service.

- Mid- to long-term: complete priority emergency repairs to stabilize the system without significant interruption in service.

In addition to PREPA's actions to assess the generation system condition after Hurricane Fiona, since October 6, 2022, LUMA, as the electrical system operator, has been submitting to the Energy Bureau, regular reports on their risk assessment of the electrical system after the hurricane. As can be observed in the LUMA's update reports as well as the assessments conducted by the Federal Task Force, the reliability and safety of the power system greatly depends on maintaining an adequate capacity of dependable installed generation, that is capable to supply the energy demand with safe levels of operational reserve. Another important aspect that affects the reliable and safe operation of an electrical system is the load behavior, as the adequate capacity of available generation and the operational reserve must be determined considering the maximum or peak demand.

Therefore, the utility is responsible for having as much as possible of available generation capacity during the months that it is expected to experience maximum or peak demand of energy. Consequently, any programmed repair or maintenance work shall be completed before the peak demand season. In Puerto Rico, the peak demand season coincides with the high hurricane season, usually occurring from August through October, been September and October the most common peak demand months. In general, the peak demand occurs during the hottest months of the year, like those mentioned before, but there are years that the peak occurs earlier, like the peak of the year 2022 that was 3,016 MW of production of energy on June 6, 2022, 8:16 P.M. Considering the recent

peak of 2,863 MW registered the second Tuesday of May, there are good chances that the peak for 2023 would be close to or more than 3,000 MW.

To increase the current limited dependable available generation and provide a reliable and continuous generation service to the People of Puerto Rico, preventing massive load shedding events, and comply with the minimum reserve levels of the SOP, it is crucial to keep the generating units and their auxiliary equipment operational and in the best possible condition. Therefore, the prioritization of conservation, repairs, and retrofitting works projects of the units is essential to PREPA, who has been conducting repairs and maintenance works, facing many challenges while operating an old and fragile generation fleet. Therefore, it is essential to complete PREPA's proposed Generation Projects.

III. Fuel Conversion of San Juan 7, 8, 9, 10 Units Denials

Parallel to the request for necessary Generation Projects, PREPA also presented to the Energy Bureau various requests for the Conversion of San Juan Units 7, 8, 9 and 10 to dual burning capacity for Natural Gas. Specifically, on February 11, 2022, PREPA filed *Petition for Leave to Conduct Works in PREPA's Steam Units to Achieve Environmental Regulatory Compliance* ("February 11 Petition"). Through the February 11 Petition, PREPA requested that the Energy Bureau grant permission to begin works aimed at converting the existing steam units of the San Juan Power Plant to dual-fuel units so they can also use natural gas as fuel and comply with the SO2 NAAQS. Specifically, PREPA argued that its request had the ultimate goal of submitting to the EPA a plan to: (i) reach the emissions official standards on or before June 3, 2022; (ii) avoid the imposition of sanctions and fines; (iii) avoid the risk of disallowance of federal funds; and (iv) avoid generation restrictions.

PREPA further stated that the most important challenge it faced with its aging units is to improve the air quality for the residents of Puerto Rico by reducing harmful emissions. Further, PREPA asserted that, in 2018, the EPA designated the Guayama-Salinas and the San Juan air districts as nonattainment areas, since they do not meet, or contribute to ambient air quality in nearby areas that do not meet the SO2 NAAQS and that failing to comply with environmental mandates shall entail costly fines and disallow the use of certain federal funds for Puerto Rico. Among other arguments, PREPA explained that compliance with SO2 NAAQS would require the use of natural gas at existing steam units. Specifically, it stated that, along with the Department of Natural and Environmental Resources (DNER), it had determined that the use of natural gas in the existing steam units of Aguirre, San Juan, and Palo Seco power plants would achieve attainment in the Guayama-Salinas and San Juan air districts as required by EPA.

PREPA also alleged that it had analyzed the options for environmental attainment and determined that the correct path was to convert to natural gas the San Juan Steam Units. It argued that, since there is no natural gas infrastructure on the premises of the Aguirre and Palo Seco Power Plants and considering the absence of a final integration schedule for the renewable resources, it could not establish a compliance strategy based on natural gas fuel regarding the steam units of such plants at that time. PREPA suggested, however, that there is an existing natural gas infrastructure near the San Juan Power Plant supplying the San Juan Combined Cycle units 5 and 6, which could be used to supply gas to the San Juan Steam Units, to achieve attainment with the SO2 NAAQS in the San Juan air district.

PREPA argued that the conversion of the San Juan Steam Units to combust natural gas would be beneficial to the people of Puerto Rico because: (i) it is a step towards the compliance of the SO2 NAAQS, which helps the Government of Puerto Rico to avoid sanctions; (ii) it would

reduce emissions of SO2 and other pollutants; (iii) it would achieve compliance with the Mercury and Air Toxics Standards ("MATS") required by the EPA; (iv) natural gas is cleaner than Bunker C; and (v) the fuel market prices of natural gas does not have as much fluctuation as those of petroleum derivatives. PREPA also reasoned that the conversion of San Juan Steam Units was feasible, and that such conversion, along with certain repairs, would add 237 MW to the San Juan Power Plant.

Lastly, PREPA stated it anticipated that the engineering, procurement, and construction of the San Juan Steam Units conversion and the completion of the environmental permits of all such units would take from five (5) to ten (10) year and that the conversion did not warrant an amendment to the Approved IRP. On June 3, 2022, PREPA filed a document titled *Motion to Submit Letter Sent by the Oversight Board, to Reiterate the Petition to Initiate Works to Comply with Environmental Regulations, and Request for Technical Conference* ("June 3 Motion") and, on June 24, 2022, PREPA filed a document titled *Second Motion to Reiterate Petition for leave to Conduct Works to Achieve Environmental Regulatory Compliance and Request for Technical Conference* ("June 24 Motion"). Through the June 3 Motion and June 24 Motion, PREPA reiterated its prior request for conversion of steam units to burn natural gas and restated that the conversions would allow PREPA to achieve environmental regulatory compliance and would also add reliability to the electric system during the development and interconnection of the renewable projects. In addition, on August 2, 2022, PREPA filed a document titled *Motion to Inform Reallocation of FEMA 404 HMPG Funds and Request for Approval of Generation Projects* ("August 2 Motion"), in which PREPA informed the Energy Bureau, the fuel conversion cost estimate and the source of the funds to pay for these expenses.

On August 3, 2022, the Energy Bureau entered Resolution and Order ("August 3 Order") denying the February 11 Petition as inconsistent with the Approved IRP and reminding PREPA that any petition to modify or alter the Approved IRP must be evaluated and approved by the Energy Bureau. On August 18, 2022, the Energy Bureau issued a Resolution and Order ("August 18 Order") in response to the August 2 Motion, reiterating its August 3 Order and denying the fuel conversion of the San Juan Steam Units. On September 3, 2022, PREPA filed a document titled *Partial Request for Reconsideration of the August 3 and 18 Orders* ("September 3 Motion"), in which PREPA requested the Energy Bureau to set aside the denial of the fuel conversion works and grant PREPA a technical conference to discuss the technical considerations and benefits of the proposed conversions.

On September 15, 2022, the Energy Bureau entered Resolution and Order ("September 15 Order") denying the September 3 Motion as the Approved IRP does not include the conversion of the San Juan Steam Units and that there was no pending proceeding before the Energy Bureau to modify the Approved IRP. In response, PREPA requested the Energy Bureau to grant leave to amend the Approved IRP and grant PREPA the authorization to convert the San Juan Steam Units in its October 11 Motion and the October 12 Motion, in which it also requested the Energy Bureau to grant leave to continue with the repair and maintenance of the San Juan Steam Units and Cambalache Power Plant Unit 1. As explained in Section II of this motion, unfortunately, in its October 12 Order, the Energy Bureau stated that it would not consider the October 11 Motion nor the October 12 Motion and returned the October 11 Motion and the October 12 Motion to PREPA.

IV. FY2023 Amended Budget Approval Process

On March 14, 2023, PREPA filed with the Energy Bureau a document titled *Request to Amend FY2023 PREPA Budget for Implementation of FOMB Certified Fiscal Plan Transformation Initiatives* ("March 14 Motion"). Through the March 14 Motion, PREPA impressed upon the Energy Bureau the urgent need PREPA has to amend its fiscal year 2022-2023 ("FY2023") budget to be able to address the Genera PR LLC ("Genera PR") Mobilization Service Fee for effective transformation efforts, necessary operations, repairs and maintenance works under the PREPA fiscal plan, and the continuance of payments to its pension system. PREPA explicitly stated in the March 14 Motion, that the budget amendment request 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 gathered by PREPA during the present and past fiscal years.

It is important to note that 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 new executive management 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[5]. However, due to budget constraints, PREPA sought federal funds reimbursement from 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:

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

[5] 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.

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 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 2, *Letters to FOMB*.

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 had 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. During the entirety of FY2023, 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 2, *Letters to FOMB*.

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[6], PREPA answered the RFI providing requested and supporting

[6] 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*.

documentation to the FOMB ("January 11 RFI Response"). 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 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. See Annex 2, *Letters to FOMB*.

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 further 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 once again 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.

After several procedural events and iterations of the budget amendment request, on April 2,

2023, PREPA submitted to PREB a document titled *Modified FY2023 Budget Amendment Request for Implementation of FOMB Certified Fiscal Plan Transformation Initiatives and in Compliance with the March 25 Order* ("April 2 Motion"). In the April 2 Motion, PREPA requested the Honorable Energy Bureau to approve the Modified FY2023 Budget Amendment Request for the following amounts:

> (i) Genera PR Mobilization Funding - $15 million to pay for Genera PR Mobilization costs as required under the LGA OMA; (ii) VTP Funding - $29.4 million to fund a VTP consistent with PREPA;s obligations under Act 120-2018 and Act 17-2019; (iii) Pension Funding – $65M for FY2023 pension funding FY2023 (May and June 2023) while a long-term solution is coordinated and implemented with the Central Government (iv) Generation Necessary Maintenance Expenses (NME) and Operational expenditures - $46.4 million for FY2023, to ensure stability and continuity of PREPA's generation assets through necessary maintenance and repair works.

April 2 Motion p. 18

In response, on April 5, 2023, the Energy Bureau issued a *Resolution and Order* ("April 5 Order") requesting additional information as stated in Annex A of the April 5 Order and also determined further responsive information was warranted to evaluate responses to the following Commissioners requests, including information from PREPA in the form of:

> a. Detailed information of the Generation NME expenditures, by year, by project including crow reference to Scope of Works ("SOW's") and Project Worksheets ("PW's") as well as reimbursement information.
> b. State whether a project was completed or not.
> c. State whether any current NME expenditures caused a deferment to any previously approved project.
> d. Detailed information of operational expenditures with a correlation to the Generation NME expenditures.
> e. In the case PREPA understands that projects could cross over to FY2024 PREPA should state so and detail the amounts for FY2023 and FY2024.

April 5 Order p. 4

On April 14, 2023, PREPA submitted a document titled *Motion in Compliance with the*

April 5 Order ("April 14 Motion"). Through the April 14 Motion, PREPA submitted its responses to PREB's requirements of information and also an explanation or response to the referenced Commissioners' requests, PREPA also reiterated its request for the Energy Bureau to grant approval to the Modified FY2023 Budget Amendment Request.

On April 18, 2023, the Energy Bureau issued a *Resolution and Order* partially approving PREPA's Modified FY2023 Budget Amendment Request, subject to the FOMB's March 24 Resolution[7] in the following way ("April 18 Order"):

(i) Generation NME and Operational expenditures for FY2023 for $13,920,000 to be allocated for the operation and maintenance budget and $3,734,000 for the NME Budget for the Budgetary line items and projects as outlined in Annex A.
(ii) Genera PR Mobilization Funding of up to $15 million to pay for Genera PR Mobilization costs as required under the LGA-OMA.
(iii) VTP Funding of up to $29.4 million to fund a VTP program consistent with PREPA's obligations under Act 120-2018, as amended by Act 17-2019.
(iv) Pension Funding needs of up to $65 million and only for the needs of the current FY2023 (May and June).

Further, in the April 18 Order, the Energy Bureau ordered PREPA to provide additional information to further evaluate the appropriateness of the budgetary increase not approved to date. PREPA complied, and on April 25, 2023, PREPA provided the Energy Bureau with (a) the latest estimate of the funding needs for the Service Accounts as per the LGA-OMA; and (b) the amount of underfunding of the LUMA Service Accounts to date as per the T&D-OMA as well as (c) additional information for the Energy Bureau to further evaluate the budgetary increase that had not been approved to date.

In response to the above, on May 9, 2023, the Energy Bureau entered a Resolution and

[7] Financial Oversight and Management Board for Puerto Rico ("FOMB") letter dated March 24, 2023 ("FOMB's March 24 Resolution"), which the Energy Bureau took administrative notice of through the April 5 Order.

Order ("May 9 Order") partially approving the Generation NME and Operational expenditures for FY2023. Unfortunately, the Energy Bureau did not approve the totality of the Generation NME and Operational expenditures for FY2023 which are necessary for PREPA to be able to comply with its responsibilities to maintain the continuity of the electrical service and a reliable generation fleet. PREPA's compliance with its duties and obligations during the remainder of FY2023, including its transition works according to the LGA OMA, requires the execution of this amendment to the budget.

Accordingly, PREPA hereby reiterates its request for the Energy Bureau to approve the entirety of the funds needed for PREPA to be able to comply with its responsibilities to maintain the stability and continuity of the electrical service which depend on a reliable generation fleet. In the alternative, if the Energy Bureau still determines not reconsider its May 9 Order approving the entirety of PREPA's petition, PREPA respectfully requests that the Energy Bureau at the very least reconsider its position regarding the necessary maintenance projects in the Aguirre Power Plant (the "Aguirre Projects") which are described as follows:

Repair Project	**PREPA's Request**	**PREPA's Justification**	**Energy Bureau's Response to Request**	**Project Amount**
Aguirre Boiler Improvement U-2 - Aguirre Steam Plant	The unit, which is actually limited to 350 MW (from 450MW) requires the replacement of the boiler burners air and combustion assemblies since high deterioration was found in the last outage and the replacement parts were not available. Thus, to avoid a force outage of this unit, the procurement process should start in this fiscal year to avoid delay in the materials since, as is happening in the whole industry,	The requested funds are intended for conducting repairs to the unit that are not included in the referenced PW. As previously, the SOWs do not consist in a total Overhaul. This PW only includes main steam and air heater components.	Not Approved. Overhaul on the Unit - not justified. Unit to be retired.	$ 743,176.00

Repair Project	PREPA's Request	PREPA's Justification	Energy Bureau's Response to Request	Project Amount
	the material acquisition lead time is extensive (6 to 12 months).			
Aguirre Boiler Improvement U-1 - Aguirre Steam Plant	Unit is scheduled to return by April 30, 2023. There are several pending repairs in the air and gases ducts along with air preheaters repairs. If the repairs are not done the unit will remain out of service in the high load and hurricane season. That means the loss of 450 MW for the peak load and hurricane season.	The requested funds are intended for conducting repairs to the unit that are not included in the referenced PW. As previously, the SOWs do not consist in a total Overhaul. This PW only includes repair to the generator Stam Turbine, and not the generator. This "turbogenerator" is the combination of both.	Not Approved. Overhaul on the Unit - not justified. Unit to be retired.	$ 795,594.00
Aguirre Turbo Generator Improvement Unit 1	Aguirre unit 1 suffered catastrophic damage in the turbogenerator in August 2022. After a huge effort to identify the spare parts and to refurbish the generator, the unit is scheduled to return by April 30, 2023. This unit represents 450 MW loss for the high load and hurricane season.	No answer provided for this Item.	Not Approved.	$3,000,000.00

At this time both Unit 1 & 2 of Aguirre are out of service. Without the approval of these three projects PREPA will not be able to bring Aguirre Units 1 & 2 back to service and the generation capacity during the high demand and hurricane seasons will not be able to be met. See Annex 3 *Aguirre Repair Works Summary.* PREPA hereby states that not bringing these units back to service will make it impossible to comply with the minimum operating reserve and, consequently, the risk of huge load shedding events will increase significantly. This increases the risk of adverse consequences to the health and security of the People of Puerto Rico, in addition

to the economic problems caused by these load shedding events. It is stressed that the current generation dependable capacity has not been enough to supply the increasing energy demand reliably and safely during the recent heat wave.

Attached, please find a summary of recent energy production peaks and the corresponding operating reserves. This summary shows that during last week, the operating reserve has been very low, been the lowest an operating reserve of 3 MW on May 4, 2023, which is a very unsafe operational condition. See, Annex 1 *Maximum Generation May 2022 vs May 2023 Correlated to Spinning Reserves.* If Units 1 & 2 of Aguirre Power Plant and Units 8 and 10 of San Juan Power Complex were in service, there would be enough operating reserve to supply the energy demand in a reliable and safe manner. As has been reiterated before, the required amendment does not impact the energy sales rates, nor does it represent a burden to the customers, as the update is based on revenues from reimbursed federal funds. More importantly the requested approval for the Aguirre Projects is necessary for PREPA to be able to maintain the demand for electricity without jeopardizing the stability of the system. Pursuant to the above, PREPA requests the Energy Bureau to at least approve the Aguirre Projects.

PREPA hereby stresses that continue denying its repeated requests to use the money deposited in its accounts for executing needed repair and work in Puerto Rico's generation fleet attempts against the safety and security of the people, as impeding these works will not allow operating the electrical system in accordance with prudent industry practices. In addition, not executing these works will needlessly increase the risk of huge load shedding events, putting the lives of the people of Puerto Rico at risk. In fact, the Department of Homeland Security has identified the electrical service as an essential service for national security.

During the past year and especially during the last six months, PREPA has continuously

delivered the urgent message of the need of these repairs and works to the Oversight Board and the Energy Bureau, providing ample explanation and details justifying the same. Particularly, it is noted that the expenses of these necessary works will be paid with funds from federal reimbursement and, therefore, the customers will not have to pay for the same. PREPA's current management has proven to be effective in using its approved budget, completing operational and permanent works, and gathering federal funds reimbursements from those works.

PREPA reiterates that it is committed to working for the benefit of the People of Puerto Rico, but requests that the Energy Bureau allow for a reliable transformation of the energy sector transformation and grant PRPEA the support requested. This support can only be accomplished with a budgeting process that is functional and doable on a daily basis, considering that a utility operation shall be executed uninterruptedly. PREPA appeals to the Energy Bureau to allow the use of PREPA's funds to complete its works in its generating fleet, particularly the repairs in Units 1 and 2 of Aguirre Power Plant. The safety of the people of Puerto Rico is in the hands of the Energy Bureau and the Oversight Board.

WHEREFORE, PREPA respectfully requests the Energy Bureau to **RECONSIDER** its May 9 Order and **APPROVE** the necessary funds so that PREPA can comply with its responsibility of providing the necessary maintenance and repairs of its generation fleet and, in the alternative, PREPA respectfully requires that the Energy Bureau at least approve the Aguirre Projects.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 17th day of May 2023.

/s Maralíz Vázquez-Marrero
Maralíz Vázquez-Marrero
TSPR 16,187
mvazquez@diazvaz.law

/s Joannely Marrero-Cruz
Joannely Marrero Cruz
jmarrero@diazvaz.law
TSPR 20,014

DÍAZ & VÁZQUEZ LAW FIRM, P.S.C.
290 Jesús T. Piñero Ave.
Oriental Tower, Suite 803
San Juan, PR 00918
Tel.: (787) 395-7133
Fax. (787) 497-9664

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 and laura.rozas@us.dlapiper.com.

In San Juan, Puerto Rico, this 17th day of May 2023.

/s Joannely Marrero-Cruz
Joannely Marrero Cruz

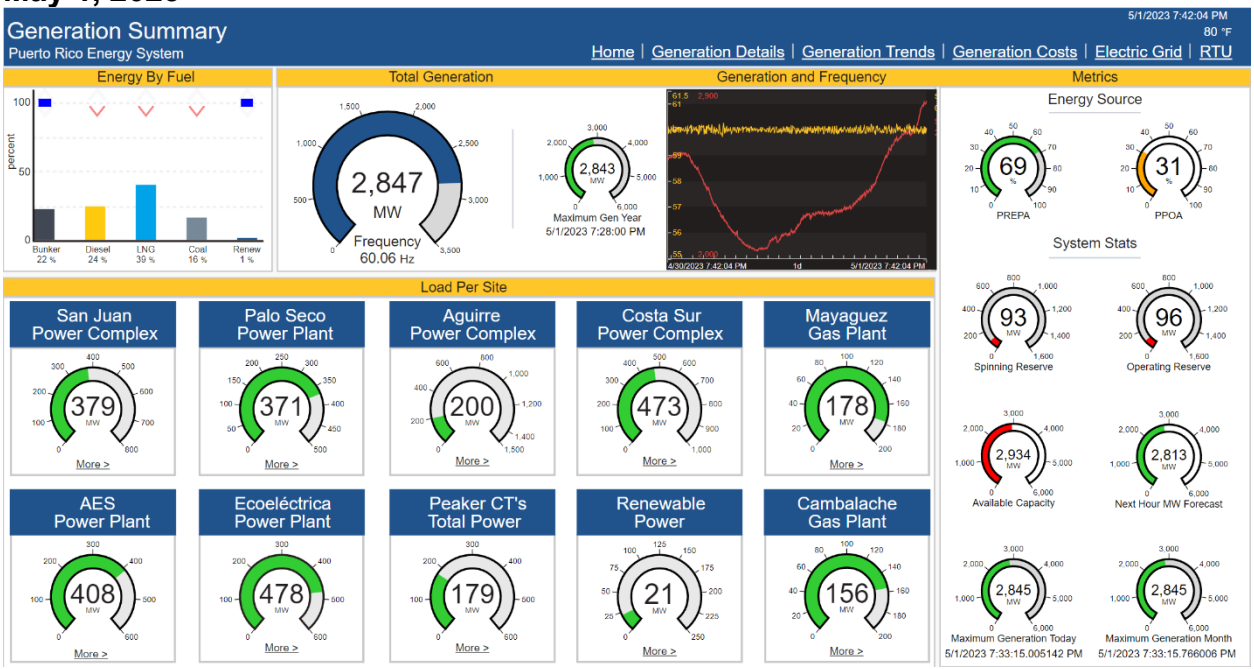
Annex 1

Maximum Generation May 2022 vs May 2023 Correlated to Spinning Reserves

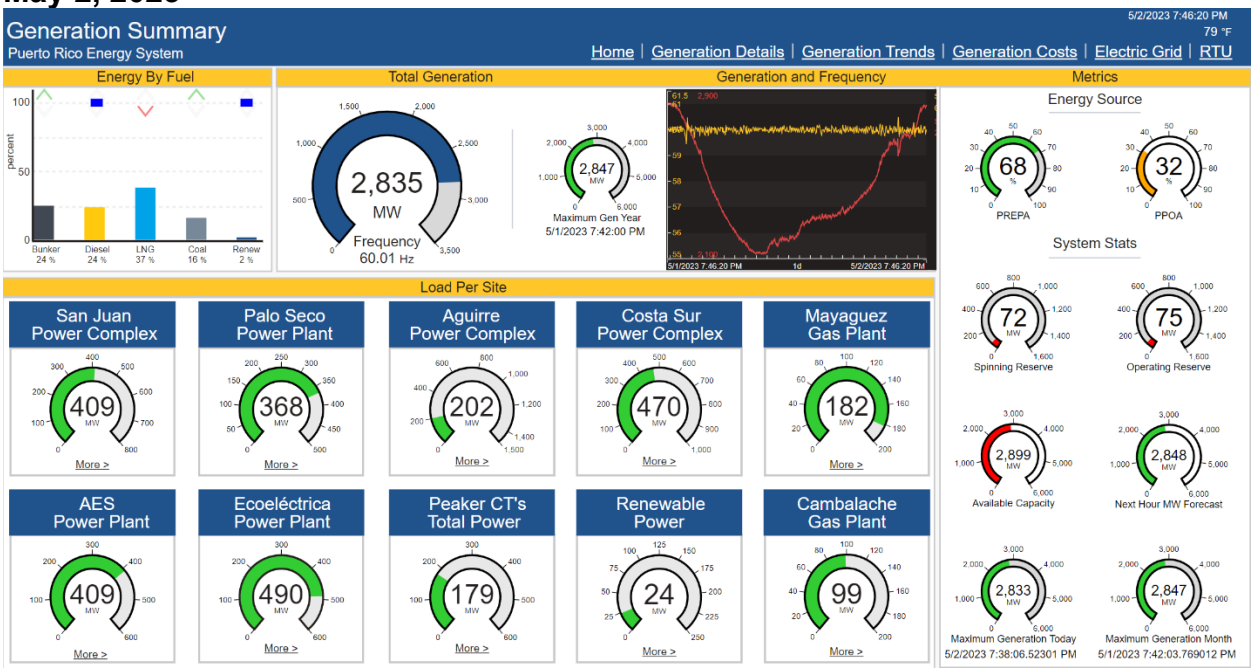
2022				2023			
Date	Day of Week	Daily Maximum Generation	Spinning Reserve at Maximum Generation	Date	Day of Week	Daily Maximum Generation	Spinning Reserve at Maximum Generation
5/1/2022 20:58:14	Sunday	2201.48	233.03				
5/2/2022 19:46:07	Monday	2472.46	256.07	5/1/2023 19:42:04	Monday	2846.82	93.19
5/3/2022 19:40:02	Tuesday	2589.40	113.29	5/2/2023 19:46:20	Tuesday	2835.27	72.27
5/4/2022 19:46:06	Wednesday	2605.67	160.54	5/3/2023 19:51:31	Wednesday	2772.14	225.60
5/5/2022 20:18:11	Thursday	2606.30	52.87	5/4/2023 20:22:36	Thursday	2844.87	3.39
5/6/2022 19:46:58	Friday	2553.02	332.32	5/5/2023 19:40:03	Friday	2649.27	324.98
5/7/2022 19:48:10	Saturday	2518.55	363.74	5/6/2023 19:55:59	Saturday	2605.80	174.01
5/8/2022 21:26:02	Sunday	2553.88	309.43	5/7/2023 20:57:55	Sunday	2649.28	134.30
5/9/2022 19:58:06	Monday	2778.97	216.91	5/8/2023 19:58:07	Monday	2794.26	220.81
5/10/2022 19:45:34	Tuesday	2704.37	363.03	5/9/2023 19:58:28	Tuesday	2862.78	128.39
5/11/2022 20:16:06	Wednesday	2708.50	336.99	5/10/2023 19:51:03	Wednesday	2825.07	144.39
5/12/2022 19:51:55	Thursday	2552.63	317.31		Thursday		
5/13/2022 19:29:54	Friday	2504.41	340.00		Friday		
5/14/2022 19:42:22	Saturday	2421.18	313.98		Saturday		
5/15/2022 20:45:06	Sunday	2496.72	360.56		Sunday		
5/16/2022 20:24:43	Monday	2741.16	293.92		Monday		
5/17/2022 20:21:58	Tuesday	2870.21	207.14		Tuesday		
5/18/2022 19:58:07	Wednesday	2867.20	148.18		Wednesday		
5/19/2022 19:43:42	Thursday	2893.65	97.53		Thursday		
5/20/2022 19:45:30	Friday	2810.55	237.64		Friday		
5/21/2022 20:43:46	Saturday	2668.79	123.33		Saturday		
5/22/2022 20:55:06	Sunday	2596.90	209.95		Sunday		
5/23/2022 20:30:10	Monday	2660.65	309.95		Monday		
5/24/2022 20:24:14	Tuesday	2632.41	394.25		Tuesday		
5/25/2022 14:50:02	Wednesday	2596.77	296.15		Wednesday		
5/26/2022 20:39:26	Thursday	2521.90	375.60		Thursday		
5/27/2022 19:50:46	Friday	2591.71	285.53		Friday		
5/28/2022 20:47:14	Saturday	2537.56	311.14		Saturday		
5/29/2022 21:15:50	Sunday	2564.82	319.21		Sunday		
5/30/2022 20:20:43	Monday	2668.04	343.71		Monday		
5/31/2022 19:56:11	Tuesday	2749.40	297.62		Tuesday		

Attached image of the Generation Summary per day at the instant of the maximum generation of each day. Month May 2023.

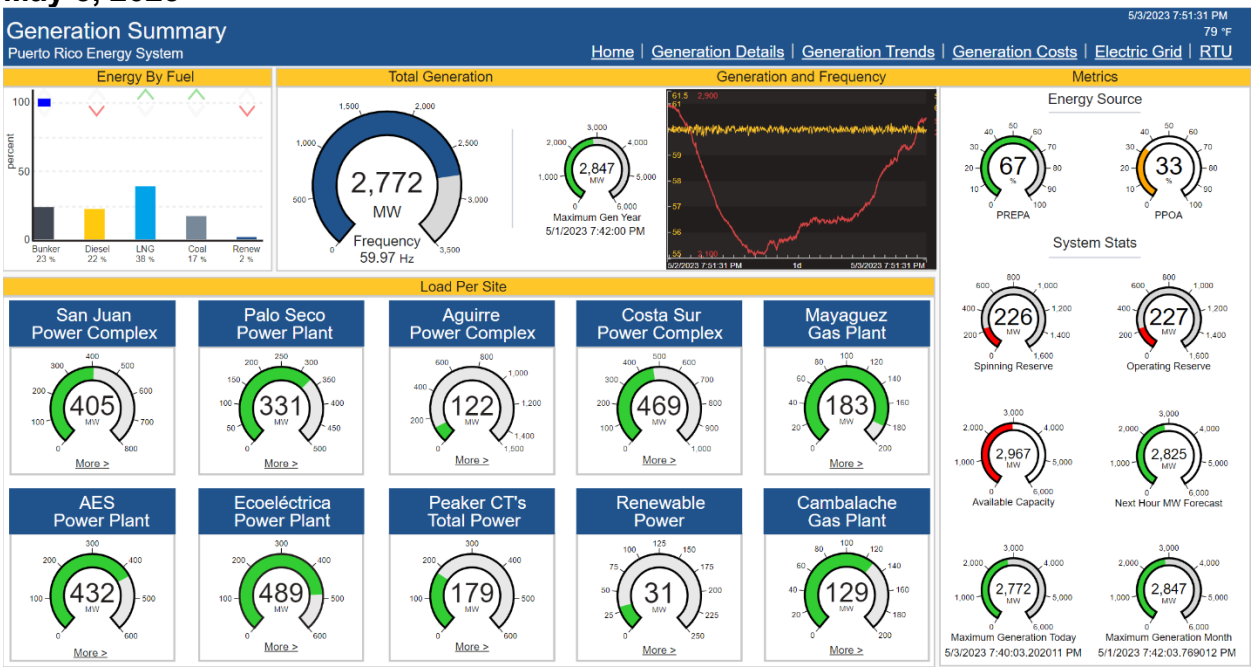
May 1, 2023



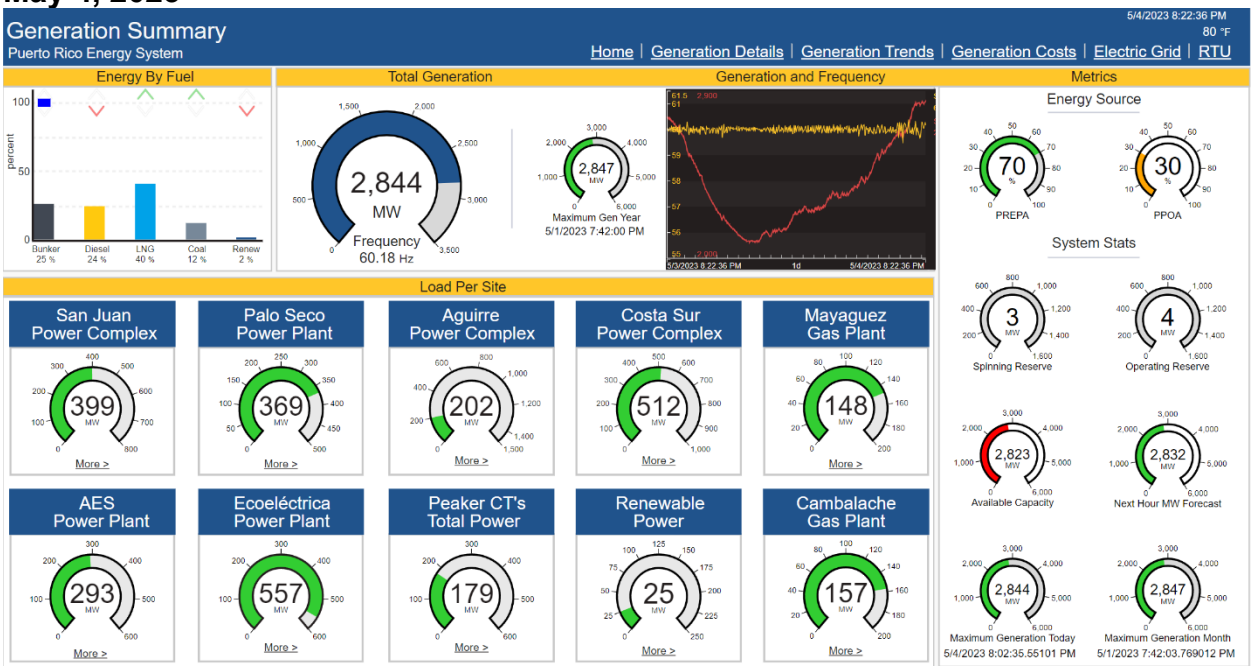
May 2, 2023



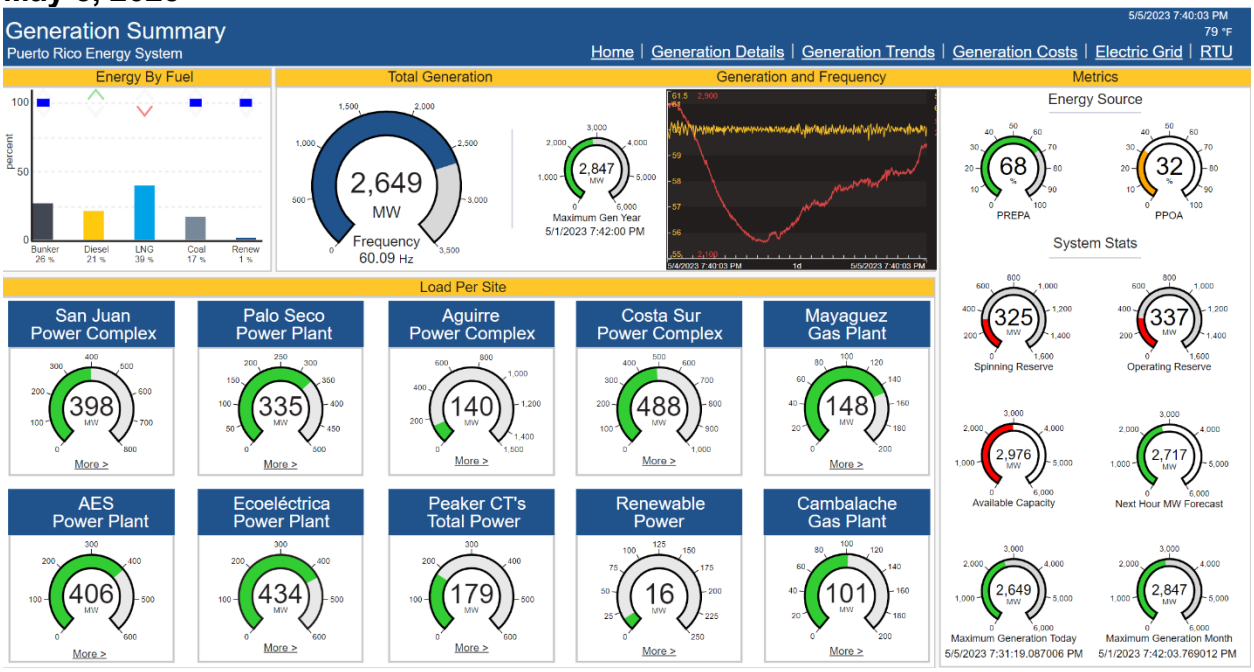
May 3, 2023



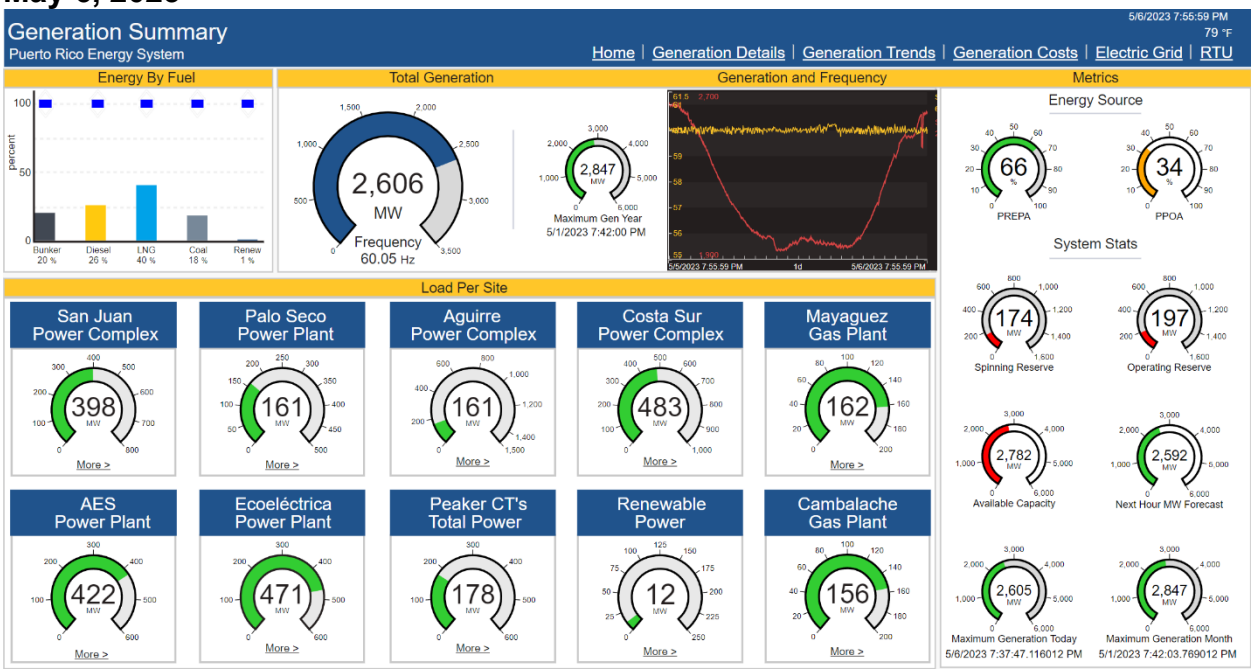
May 4, 2023



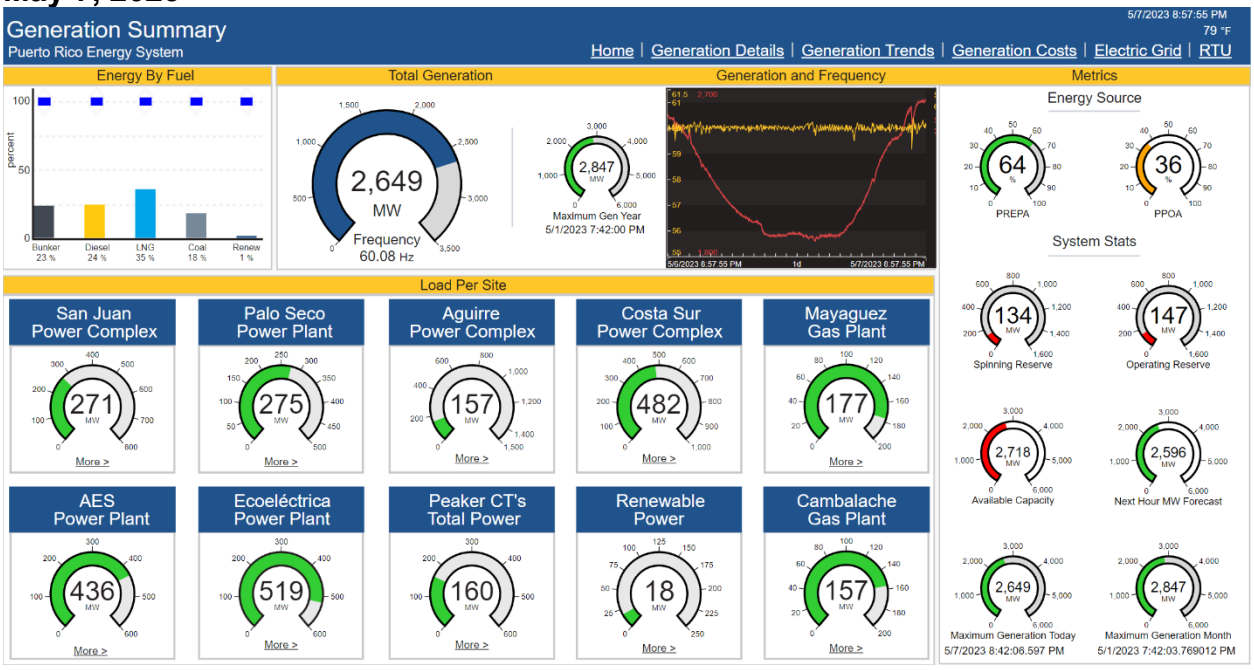
May 5, 2023



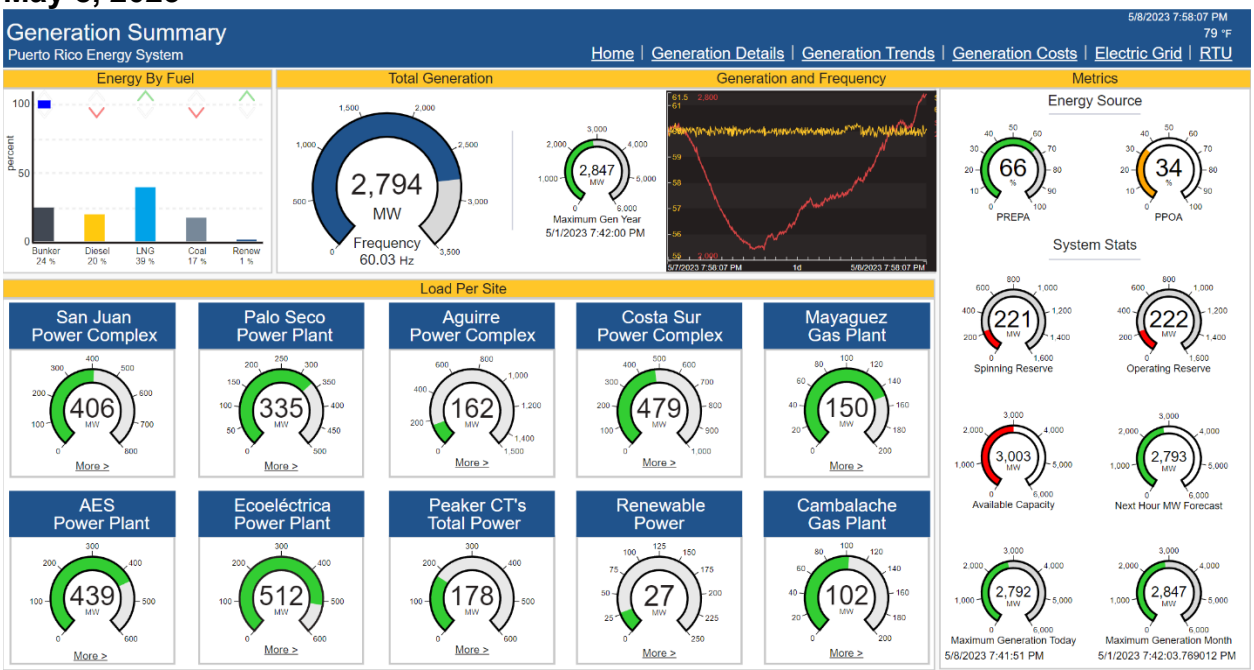
May 6, 2023



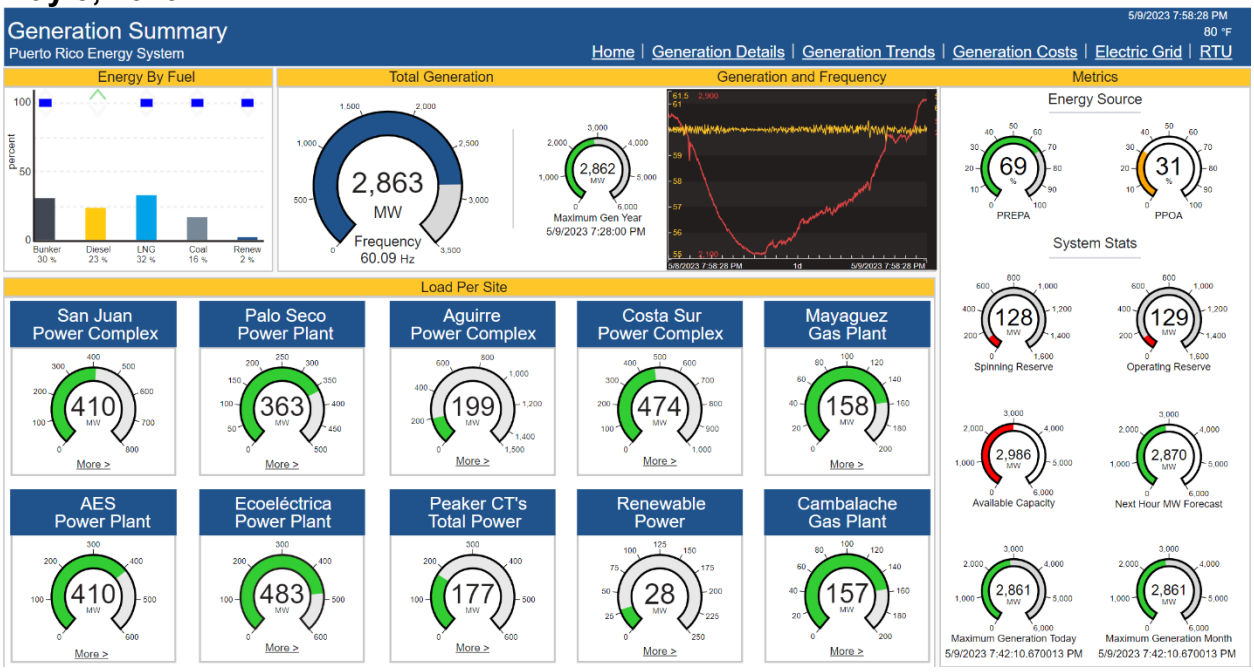
May 7, 2023



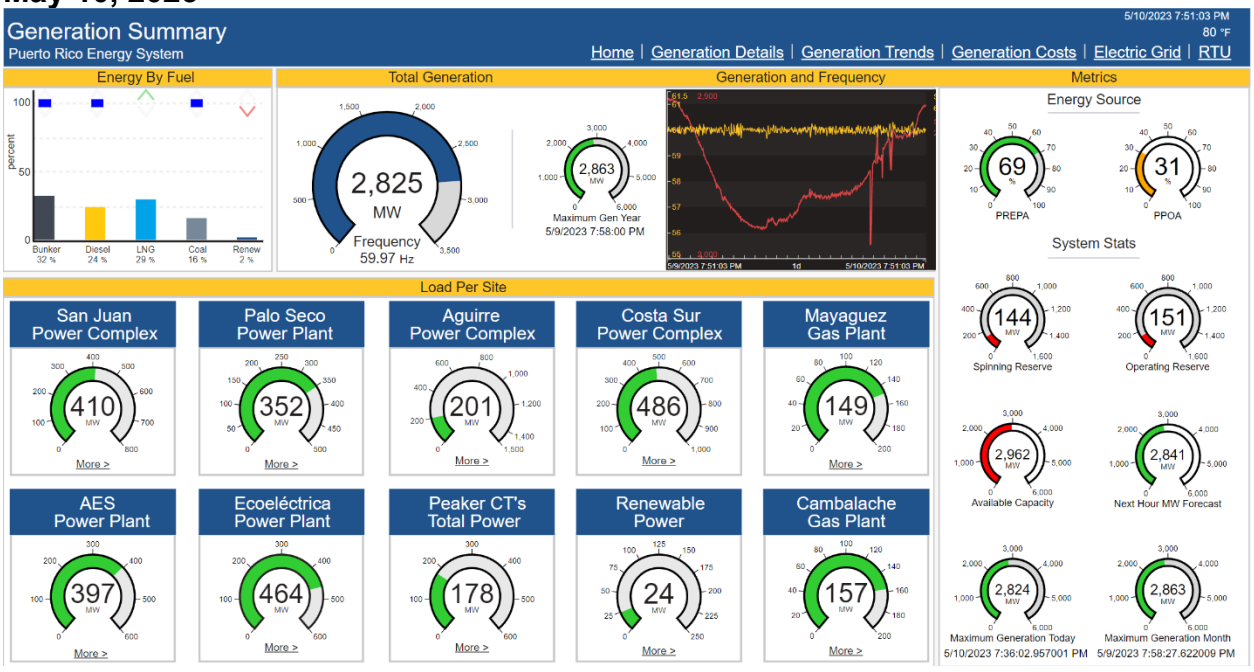
May 8, 2023



May 9, 2023



May 10, 2023



Annex 2

Budget Letters to FOMB

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
Executive Director | Josué A. Colón Ortiz | 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 1st 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 1st 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.

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 14th, 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 14th, it should be noted that PREPA proposed a revenue allocation on March 29th 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.

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 $- Variance	6.22-FOMB %-Variance
Projected Revenue less Bankruptcy Costs	**$ 1,066,903**	**$ 1,058,185**	**$ 1,045,933**	**$ (12,252)**	**-1%**
A. Genco:					
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%
Total Genco Operating & Maintenance	**$ 235,612**	**$ 255,177**	**$ 230,526**	**$ (24,651)**	**-10%**
B. HoldCo:					
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%
Total HoldCo O&M excluding T3/FOMB/P3A	**$ 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%
Total HoldCo O&M with PREPA T3/FOMB	**$ 103,742**	**$ 116,343**	**$ 93,829**	**$ (22,514)**	**-19%**
C. GridCo:					
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%
Total GridCo O&M Expenses	**$ 764,023**	**$ 733,613**	**$ 748,688**	**$ 15,075**	**2%**

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
Executive Director I Josué A. Colón Ortiz I director_ejecutivo@prepa.com

December 8, 2022

ELECTRONIC MAIL
letters@promesa.gov
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
Federally Funded Projects[1]	$140,000,000
Necessary Maintenance Expenses	$40,000,000
Operational Works	$20,000,000
Total:	**$200,000,000**

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

[1] 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.

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 equipement 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 verificaction 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

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	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: CW2U015-4833-121-1-6-21T0D & CW2U020-4833-121-1-6-T0D	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 exising fuel service tank and appliction 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 peformance of repairs and major maintenance works of the main and auxiliary components of Units 5 through 10.	-

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 turine, 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.	-

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 leakeage and repairs on ducts will be addresing 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

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 neccesary 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

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 performe the inspection of the turbo-rotor, the generator and repair the Gas Turbine enclusure 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 (deaerato	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

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 istallation of an upgrade for the excitation system. The manufactureer 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 Insulatio XLPE 5kv) to replace the cables of the Normal service transformers 5A & 5B.	375,000.00
3058	Costa Sur Power Plant	CS 5Major 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

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)	Peform 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 frecuency/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

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 peformance of repairs and major maintenance works of the main and auxiliary components of Units 3 and 4.	-

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)	-

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 Regulatior & 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.	-

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.	-

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.	-

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
Executive Director I Josué A. Colón Ortiz I 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 27th 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.

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 27th 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.

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

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.

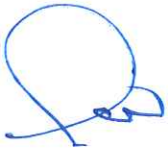
7. The December 8, 2022 Letter provides a table dividing the $200 million requested amount into three expense categories or line items: Federally Funded Projects, Necessary Maintenance Expenses, and Operational Works. These line items do not exist in the FY2023 PREPA Certified Budget. Please provide 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

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.

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 the 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

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

Exhibit A

Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date 12/15/2022

I. **Table of Contents ("CTRL + [" to go to each file)**

Financial:

General Text Color Guides

Text Colors:

Black	*(Intra Sheet) Formulas*
Green	*Link to another Tab*
Blue	*Hardcoded figures*
Red	*Key Assumption*

Puerto Rico Electric Power Authority
B2A Summary
FISCAL YEAR 2023
As 12/15/2022

FY23 Monthly B2A Summary

($ millions)

Summary	October-22 Oct-22 Budget	Oct-22 Actual	Oct-22 Variance ($)	Oct-22 Variance (%)	YTD YTD Budget	YTD Actual	YTD Variance ($)	YTD Variance (%)
A. Revenue								
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%)
CILT & 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. Expenses								
Fuel & Purchased Power	$ 330	$ 328	$ 2	**0.5%**	$ 1,325	$ 1,271	$ 54	**4.1%**
Genco:								
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%**
HoldCo:								
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%**
GridCo:								
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%**
C. Net Balance	**$ (4)**	**$ 10**	**$ (14)**	**346.87%**	**$ 7**	**$ 114**	**$ (107)**	**-1575.26%**

Puerto Rico Electric Power Authority (LUMA)
Monthly Revenues
FISCAL YEAR 2023
As Of: 12/15/2022

FY23 Monthly Revenues

($ millions)

	Revenues	July-22 Jul-22 Budget	Jul-22 Actual	Jul-22 Variance ($)	Jul-22 Variance (%)	August-22 Aug-22 Budget	Aug-22 Actual	Aug-22 Variance ($)	Aug-22 Variance (%)	September-22 Sep-22 Budget	Sep-22 Actual	Sep-22 Variance ($)	Sep-22 Variance (%)	October-22 Oct-22 Budget	Oct-22 Actual	Oct-22 Variance ($)	Oct-22 Variance (%)	YTD YTD Budget	YTD Actual	YTD Variance ($)	YTD Variance (%)
	Basic Revenue																				
1	Residential	40	38	(2)	(4.5%)	39	36	(3)	(7.3%)	38	35	(3)	(7.6%)	38	25	(14)	(35.2%)	155	134	(21)	(13.6%)
2	Commercial	51	20	(31)	(60.8%)	50	43	(7)	(14.3%)	51	49	(1)	(2.8%)	51	40	(11)	(21.5%)	203	152	(50)	(24.9%)
3	Industrial	9	9	0	1.9%	9	9	(0)	(1.6%)	9	9	0	1.9%	9	8	(1)	(10.5%)	35	34	(1)	(2.1%)
4	Public Lighting	5	4	(1)	(11.8%)	5	5	(0)	(9.6%)	5	5	(1)	(10.5%)	5	5	(0)	(9.6%)	20	18	(2)	(10.4%)
5	Agricultural	0	0	0	0.9%	0	0	0	12.9%	0	0	0	0.6%	0	0	(0)	(52.1%)	1	1	(0)	(10.0%)
6	Others	0	0	(0)	(20.0%)	0	0	(0)	(7.3%)	0	0	(0)	(15.1%)	0	0	(0)	(21.8%)	1	1	(0)	(16.1%)
	Total Basic Revenue	105	72	(33)	(31.6%)	103	93	(11)	(10.3%)	102	98	(5)	(4.6%)	104	78	(26)	(25.1%)	414	340	(75)	(18.0%)
	Fuel & Purchased Power																				
7	Residential	150	176	25	16.9%	146	135	(11)	(7.6%)	142	116	(26)	(18.0%)	138	99	(40)	(28.7%)	577	526	(51)	(8.8%)
8	Commercial	145	188	43	29.6%	144	144	0	0.2%	145	130	(15)	(10.3%)	142	129	(13)	(8.8%)	575	591	16	2.8%
9	Industrial	36	44	8	23.0%	37	37	0	0.2%	35	29	(5)	(15.1%)	33	30	(4)	(11.5%)	140	139	(1)	(0.6%)
10	Public Lighting	4	6	2	35.7%	4	6	2	39.4%	4	5	0	10.8%	4	7	3	59.7%	17	23	6	36.7%
11	Agricultural	0	1	0	23.8%	0	0	0	16.0%	0	0	(0)	(9.9%)	0	0	(0)	(41.0%)	2	2	(0)	(2.2%)
12	Others	1	1	0	16.4%	1	1	0	8.0%	1	1	(0)	(12.0%)	1	1	0	2.0%	3	3	0	3.7%
	Total Purchased Power	337	415	79	23.3%	332	323	(9)	(2.7%)	326	281	(45)	(13.9%)	319	265	(54)	(16.8%)	1,314	1,285	(30)	(2.3%)
	CILT																				
13	Residential	5	6	2	33.2%	4	4	(0)	(3.7%)	4	4	(0)	(8.2%)	4	3	(2)	(39.7%)	18	17	(1)	(4.2%)
14	Commercial	4	6	2	44.7%	4	5	0	4.7%	4	4	0	0.1%	5	3	(1)	(23.7%)	18	19	1	6.3%
15	Industrial	1	2	0	40.6%	1	1	0	1.4%	1	1	(0)	(6.0%)	1	1	(0)	(25.6%)	4	4	0	2.8%
16	Public Lighting	0	0	0	43.3%	0	0	0	31.6%	0	0	0	27.3%	0	0	0	13.0%	1	1	0	28.7%
17	Agricultural	0	0	0	41.1%	0	0	0	17.2%	0	0	0	2.2%	0	0	(0)	(50.8%)	0	0	0	2.7%
18	Others	0	0	0	32.2%	0	0	0	11.0%	0	0	(0)	(1.7%)	0	0	(0)	(12.3%)	0	0	0	7.2%
	Total CILT	10	14	4	39.1%	10	10	0	1.0%	10	10	(0)	(3.8%)	10	7	(3)	(30.3%)	41	41	1	1.6%
	Subsidies																				
19	Residential	10	10	(0)	(0.2%)	10	8	(2)	(20.4%)	9	7	(2)	(19.9%)	9	7	(3)	(28.8%)	38	32	(7)	(17.2%)
20	Commercial	9	10	1	10.6%	9	8	(1)	(14.5%)	9	8	(1)	(11.6%)	10	9	(1)	(11.0%)	38	35	(3)	(6.6%)
21	Industrial	2	2	0	5.1%	2	2	(0)	(15.6%)	2	2	(0)	(18.0%)	2	2	(0)	(13.4%)	9	8	(1)	(10.5%)
22	Public Lighting	0	0	0	7.6%	0	0	0	2.0%	0	0	0	6.3%	0	0	0	34.7%	1	1	0	12.9%
23	Agricultural	0	0	0	5.6%	0	0	(0)	(3.4%)	0	0	(0)	(11.8%)	0	0	(0)	(40.9%)	0	0	(0)	(12.6%)
24	Others	0	0	(0)	(1.3%)	0	0	(0)	(6.9%)	0	0	(0)	(14.0%)	0	0	0	0.4%	0	0	(0)	(5.4%)
	Total Subsidies	22	23	1	5.1%	22	18	(4)	(17.0%)	21	18	(3)	(15.7%)	22	18	(4)	(18.4%)	87	77	(10)	(11.4%)
	Total Revenue																				
	Total Gross Revenue	474	525	51	10.7%	467	444	(23)	(5.0%)	460	406	(54)	(11.7%)	455	368	(87)	(19.1%)	1,856	1,743	(113)	(6.1%)
25	Other Income	3	3	(0)	(4.5%)	3	3	0	9.4%	3	4	1	18.9%	3	1	(2)	(67.9%)	12	11	(1)	(11.1%)
	Total Unconsolidated Revenue	$ 477	$ 528	$ 51	10.6%	$ 470	$ 447	$ (23)	(4.9%)	$ 463	$ 410	$ (53)	(11.5%)	$ 458	$ 369	$ (89)	(19.4%)	$ 1,868	$ 1,754	$ (115)	(6.1%)
26	Bad Debt Expense	(6)	(0)	6	(96.5%)	(6)	(0)	6	(96.1%)	(6)	(0)	6	(96.2%)	(6)		6	(100.0%)	(25)	(1)	24	(97.2%)
27	CILT & Subsidies	(33)	(32)	1	(3.1%)	(32)	(31)	0	(0.9%)	(32)	(31)	1	(3.3%)	(31)	(0)	31	(98.9%)	(127)	(94)	33	(26.0%)
	Total Consolidated Revenue	$ 438	$ 496	$ 57	13.1%	$ 433	$ 416	$ (17)	(3.9%)	$ 425	$ 379	$ (46)	(10.9%)	$ 421	$ 369	$ (52)	(12.4%)	$ 1,717	$ 1,659	$ (58)	(3.4%)
	Check	-				-				-				-							

Puerto Rico Electric Power Authority
Monthly Revenues
FISCAL YEAR 2023
As Of: 12/15/2022

FY23 Monthly Expenses

($ millions)

	Expenses	July-22 Jul-22 Budget	Jul-22 Actual	Jul-22 Variance ($)	Jul-22 Variance (%)	August-22 Aug-22 Budget	Aug-22 Actual	Aug-22 Variance ($)	Aug-22 Variance (%)	September-22 Sep-22 Budget	Sep-22 Actual	Sep-22 Variance ($)	Sep-22 Variance (%)	October-22 Oct-22 Budget	Oct-22 Actual	Oct-22 Variance ($)	Oct-22 Variance (%)	YTD YTD Budget	YTD Actual	YTD Variance ($)	YTD Variance (%)
A.	***Fuel and Purchased Power***																				
28	Fuel	263	253	10	3.8%	259	261	(1)	(0.4%)	235	218	16	6.9%	257	255	2	0.6%	1,014	987	27	2.6%
29	Purchased Power - Conventional Power	68	64	3	4.6%	75	70	5	6.3%	73	59	14	19.2%	66	68	(2)	(3.1%)	282	262	20	7.0%
30	Purchased Power - Renewable Power	8	7	1	14.9%	8	7	1	12.9%	6	3	3	47.8%	7	5	2	31.3%	29	22	7	25.4%
	Total Fuel and Purchased Power	$ 339	$ 324	$ 14	4.2%	$ 342	$ 338	$ 5	1.3%	$ 314	$ 281	$ 33	10.6%	$ 330	$ 328	$ 2	0.5%	$ 1,325	$ 1,271	$ 54	4.1%
B.	***GenCo - Operations & Maintenance Expenses***																				
	Labor																				
31	Salaries & Wages	4	3	0	11.6%	4	3	1	14.5%	4	3	0	11.2%	4	3	1	19.1%	15	13	2	14.3%
32	Pension & Benefits	2	2	1	21.8%	2	2	1	24.4%	2	2	1	23.6%	2	2	1	32.6%	10	7	2	25.6%
33	Overtime Pay	1	1	(0)	(31.5%)	1	1	(0)	(14.3%)	1	1	(0)	(28.6%)	1	2	(1)	(68.2%)	4	5	(1)	(35.6%)
34	Overtime Benefits	0	0	(0)	(7.0%)	0	0	0	6.0%	0	0	(0)	(27.2%)	0	0	(0)	(70.0%)	0	1	(0)	(24.6%)
	Total Genco Labor Operating Expenses	$ 7	$ 7	$ 1	8.9%	$ 7	$ 6	$ 1	13.8%	$ 7	$ 7	$ 1	9.4%	$ 7	$ 7	$ 1	10.4%	$ 29	$ 26	$ 3	10.6%
	Non-Labor/Other Operating Expense																				
35	Materials & Supplies	2	2	(0)	(16.4%)	2	3	(2)	(93.5%)	2	3	(1)	(61.0%)	2	2	(1)	(40.5%)	7	10	(3)	(52.9%)
36	Transportation, Per Diem, and Mileage	0	0	(0)	(118.3%)	0	0	(0)	(224.5%)	0	0	(0)	(264.6%)	0	0	(0)	(80.0%)	1	1	(1)	(146.9%)
37	Security	1	0	1	98.0%	1	0	1	99.3%	1	0	1	90.8%	1	0	1	90.3%	3	0	3	94.6%
38	Utilities & Rents	0	0	0	64.1%	0	0	0	13.9%	0	0	0	70.7%	0	0	(0)	(43.0%)	1	1	0	26.4%
39	Legal Services	1	0	0	42.8%	1	0	0	47.1%	1	1	(0)	(30.3%)	1	0	0	49.1%	2	2	1	27.2%
40	Professional & Technical Outsourced Services	0	0	0	1.5%	0	0	0	8.2%	0	0	0	95.0%	0	0	0	60.6%	1	0	0	41.3%
41	Regulation & Environmental Inspection	1	0	0	64.7%	1	0	0	57.1%	1	(0)	1	100.9%	1	2	(1)	(190.7%)	3	2	0	8.0%
42	Other Miscellaneous Expenses	1	1	(0)	(59.5%)	1	2	(1)	(177.5%)	1	0	0	42.1%	1	2	(2)	(280.7%)	3	6	(3)	(118.9%)
	Total Non-Labor/Other Operating Expense	$ 5	$ 4	$ 1	16.8%	$ 5	$ 6	$ (1)	(29.8%)	$ 5	$ 4	$ 1	12.5%	$ 5	$ 8	$ (3)	(57.2%)	$ 20	$ 23	$ (3)	(14.4%)
43	Shared Services Agreement Impact	5	4	1	12.3%	5	6	(1)	(15.3%)	5	4	1	12.5%	5	5	(0)	(0.4%)	20	19	0	2.3%
	Total Genco Operating Expenses	$ 17	$ 15	$ 2	12.2%	$ 17	$ 18	$ (1)	(7.1%)	$ 17	$ 15	$ 2	11.2%	$ 17	$ 19	$ (2)	(12.1%)	$ 69	$ 68	$ 1	1.0%
	Maintenance																				
44	Generation	8	0	8	99.8%	8	4	4	45.7%	8	6	2	23.7%	8	7	1	11.9%	33	18	15	45.3%
	Total GenCo Maintenance Projects Expense	$ 8	$ 0	$ 8	99.8%	$ 8	$ 4	$ 4	45.7%	$ 8	$ 6	$ 2	23.7%	$ 8	$ 7	$ 1	11.9%	$ 33	$ 18	$ 15	45.3%
45	Federal Funding Cost Share	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.
	Total Genco Operating & Maintenance Expenses	$ 25	$ 15	$ 10	40.6%	$ 25	$ 23	$ 3	10.0%	$ 25	$ 22	$ 4	15.2%	$ 25	$ 27	$ (1)	(4.3%)	$ 102	$ 86	$ 16	15.4%
C.	***HoldCo - Operations Expenses***																				
	Labor																				
46	Salaries & Wages	1	1	(0)	(24.2%)	1	1	(0)	(20.4%)	1	1	(0)	(62.3%)	1	1	(0)	(19.9%)	3	3	(1)	(31.7%)
47	Pension & Benefits	0	0	(0)	(13.6%)	0	0	(0)	(12.6%)	0	1	(0)	(47.3%)	0	0	(0)	(7.6%)	2	2	(0)	(20.3%)
48	Overtime Pay	0	0	(0)	(82.7%)	0	0	0	57.9%	0	0	0	17.9%	0	0	0	20.9%	0	0	0	3.5%
49	Overtime Benefits	0	0	0	22.7%	0	0	0	63.2%	0	0	0	57.3%	0	0	0	61.1%	0	0	0	51.1%
	Total HoldCo Labor Operating Expenses	$ 1	$ 1	$ (0)	(22.3%)	$ 1	$ 1	$ (0)	(14.5%)	$ 1	$ 2	$ (1)	(53.6%)	$ 1	$ 1	$ (0)	(13.7%)	$ 4	$ 5	$ (1)	(26.0%)
	Non-Labor / Other Operating Expenses																				
50	Materials & Supplies	0	0	0	11.3%	0	0	0	21.7%	0	0	0	18.1%	0	0	0	0.6%	0	0	0	12.9%
51	Transportation, Per Diem, and Mileage	0	0	0	90.7%	0	0	0	46.4%	0	0	0	59.6%	0	0	0	37.4%	0	0	0	58.5%
52	Retiree Medical Benefits	1	1	0	24.6%	1	1	0	29.5%	1	1	0	26.2%	1	1	0	24.9%	3	2	1	26.3%
53	IT Service Agreements	0	0	(0)	(340.7%)	0	0	(0)	(208.8%)	0	-	0	100.0%	0	-	0	100.0%	0	1	(0)	(87.4%)
54	Utilities & Rents	0	1	(1)	(23214.3%)	0	1	(1)	(23234.3%)	0	2	(2)	(68540.6%)	0	1	(1)	(38336.4%)	0	5	(5)	(38331.4%)
55	Communications Expenses	0	-	0	100.0%	0	-	0	100.0%	0	-	0	100.0%	0	-	0	100.0%	0	-	0	100.0%
56	Professional & Technical Outsourced Services	0	0	0	99.9%	0	1	(0)	(95.2%)	0	0	0	68.4%	0	0	0	96.9%	1	1	1	42.5%
57	Other Miscellaneous Expenses	0	(1)	1	844.4%	0	(0)	0	218.5%	0	(0)	0	163.9%	0	(1)	1	589.7%	1	(2)	3	454.1%
58	PREPA Restructuring & Title III	2	2	0	23.2%	2	4	(2)	(94.8%)	2	0	2	79.2%	2	2	(0)	(5.5%)	8	8	0	0.5%
59	FOMB Advisor Costs allocated to PREPA	2	-	2	100.0%	2	1	1	63.6%	2	3	(1)	(27.9%)	2	-	2	100.0%	8	3	5	58.9%
	P3 Authority Transaction Costs	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.	-	-	-	n.a.
	Total HoldCo Non-Labor / Other Operating Expenses	$ 5	$ 2	$ 3	62.3%	$ 5	$ 7	$ (1)	(23.5%)	$ 5	$ 6	$ (0)	(3.5%)	$ 5	$ 3	$ 2	41.3%	$ 22	$ 18	$ 4	19.2%
	Total HoldCo Operating Expenses	$ 7	$ 3	$ 3	48.8%	$ 7	$ 8	$ (1)	(22.0%)	$ 7	$ 7	$ (1)	(11.5%)	$ 7	$ 4	$ 2	32.6%	$ 26	$ 23	$ 3	12.0%
D.	***GridCo - Operating & Maintenance Expenses***																				
60	GridCo Labor Operating Expenses	21	24	(3)	(13.9%)	21	23	(2)	(7.9%)	21	13	8	40.3%	20	-	20	100.0%	84	60	24	28.7%
61	GridCo Non-Labor / Other Operating Expenses	25	19	6	25.0%	25	23	2	6.3%	24	24	1	3.2%	24	-	24	100.0%	98	65	33	33.3%
62	Operator Service Fees	10	10	-	0.0%	10	10	-	0.0%	10	10	-	0.0%	10	-	10	100.0%	40	30	10	25.0%
63	2% Reserve for Excess Expenditures	1	-	1	100.0%	1	-	1	100.0%	1	-	1	100.0%	1	-	1	100.0%	4	-	4	100.0%
64	Maintenance Projects Expenses	7	3	3	50.7%	7	4	3	44.0%	10	2	7	75.5%	7	-	7	100.0%	31	10	21	68.8%
	Total GridCo Operating & Maintenance Expenses	$ 64	$ 56	$ 8	11.8%	$ 64	$ 60	$ 4	6.1%	$ 66	$ 49	$ 17	26.3%	$ 63	$ -	$ 63	100.0%	$ 257	$ 165	$ 92	35.7%
	Total Operating & Maintenance Expenses	$ 434	$ 399	$ 35	8.12%	$ 439	$ 429	$ 10	2.19%	$ 412	$ 359	$ 54	13.04%	$ 425	$ 359	$ 66	15.47%	$ 1,710	$ 1,546	$ 164	9.61%

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

	July-22	August-22	September-22	October-22
GenCo - Pension and Benefits				
Pension Benefits	1,080,209	1,044,789	1,055,362	930,796
Loan Guaranties	1,884	1,822	1,841	1,623
Work Comp Insurance	117,553	113,699	114,849	101,293
Social Security	193,850	187,494	189,391	167,037
Medicare	45,401	43,912	44,357	39,121
Christmas Bonus	42,764	41,362	41,780	36,849
Health Plan	402,205	389,017	392,954	346,573
Total	**1,883,866**	**1,822,095**	**1,840,534**	**1,623,292**
HoldCo - Pension and Benefits				
Pension Benefits	244,809	242,550	317,192	231,798
Loan Guaranties	427	423	553	404
Work Comp Insurance	26,641	26,395	34,518	25,225
Social Security	43,932	43,527	56,922	41,597
Medicare	10,289	10,194	13,332	9,742
Christmas Bonus	9,692	9,602	12,557	9,177
Health Plan - Regular	91,152	90,311	118,104	86,308
Total	**426,943**	**423,003**	**553,178**	**404,251**

Exhibit B

PW	EVENT	PW Name	Year Obligated	Category	Type of Project (Category)	Classification	Amount Disbursed by FEMA/COR3	Transfer to Sub-Recipient Date	Type
PA-02-PR-4339-PW-09904	Emergency María Huracan	St. James Securities	2021	B	Energency Protective Measure	T&D	70,119	1/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-08937	Emergency María Huracan	Whitefish	2021	B	Energency Protective Measure	T&D	67,990,776	1/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05838	Emergency María Huracan	Green Plant	2021	B	Energency Protective Measure	T&D	230,494	1/18/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-07907	Emergency María Huracan	All Contractors	2021	B	Energency Protective Measure	T&D	48,740	2/1/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05910	Emergency María Huracan	C. Principe Electrical Contractors	2021	B	Energency Protective Measure	T&D	1,400,000	2/2/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-04233	Emergency María Huracan	FM Technology	2021	B	Energency Protective Measure	T&D	335,003	2/10/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00251	Emergency María Huracan	COBRA 251	2017	B	Energency Protective Measure	T&D	40,430,832	2/18/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00294	Emergency María Huracan	LGE	2018	B	Energency Protective Measure	T&D	199,022	3/4/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative María Huracan	Management Cost - Maria	2020	Z	Management Cost	Management Cost	7,575,342	3/4/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00302	Emergency María Huracan	FPL	2018	B	Energency Protective Measure	T&D	1,927,977	3/29/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative María Huracan	Management Cost - Maria	2020	Z	Management Cost	Management Cost	12,197,687	4/8/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-08937	Emergency María Huracan	Whitefish	2021	B	Energency Protective Measure	T&D	35,054,912	4/8/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00506	Earthquake	Subrecipient Management Cost	2021	Z	Management Cost	Management Cost	767,954	4/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-06311	Emergency María Huracan	US Contractor Inspections (MEC) 90%	2020	B	Energency Protective Measure	T&D	404,037	5/20/2022	CDBG-DR Non-Federal Match
PA-02-PR-3384-PW-00072	Emergency Irma Huracan	Perfect Integrated Solutions	2018	B	Energency Protective Measure	T&D	3,542	5/20/2022	CDBG-DR Non-Federal Match
PA-02-PR-3384-PW-00083	Emergency Irma Huracan	Pro Energy	2018	B	Energency Protective Measure	T&D	16,654	5/20/2022	CDBG-DR Non-Federal Match
PA-02-PR-3384-PW-00150	Emergency Irma Huracan	EMCCO	2020	B	Energency Protective Measure	T&D	34,608	5/20/2022	CDBG-DR Non-Federal Match
PA-02-PR-4339-PW-00295	Emergency María Huracan	Southern	2018	B	Energency Protective Measure	T&D	1,206,312	5/25/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00316	Emergency María Huracan	Exelon	2018	B	Energency Protective Measure	T&D	1,929,810	5/27/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00638	Earthquake	Earthquake Force Account T&D	2022	B	Energency Protective Measure	T&D	517,941	6/13/2022	Internal Cost Reimbursement
PA-02-PR-4339-PW-00301	Emergency María Huracan	Duke	2018	B	Energency Protective Measure	T&D	1,458,509	6/14/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00591	Earthquake	Costa Sur Emergency Repairs	2022	B	Energency Protective Measure	Generation	7,062,983	6/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10455	ermantent Work María Huraca	FAASt Mayaguez Hydro-Gas Power Plant	2022	F	Capital Improvement Repairs	Generation	13,523,814	6/22/2022	Contract Cost Reimbursement
PA-02-PR-4336-PW-00054	Emergency Irma Huracan	Lord Electric	2018	B	Energency Protective Measure	T&D	31,836	6/24/2022	CDBG-DR Non-Federal Match
PA-02-PR-4339-PW-01105	Emergency María Huracan	Pacific Gas & Electric Company	2019	B	Energency Protective Measure	T&D	5,985	7/8/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10609	ermantent Work María Huraca	FAASt [Palo Seco 002- Auxiliary Infrastructure	2022	F	Capital Improvement Repairs	Generation	783,555	7/8/2022	Capital Improvement Advancement
PA-02-PR-4339-PW-10568	ermantent Work María Huraca	FAASt Aguirre Power Plant 001 Infrastructure	2022	F	Capital Improvement Repairs	Generation	682,035	7/14/2022	Capital Improvement Advancement
PA-02-PR-4339-PW-10694	ermantent Work María Huraca	FAASt Costa Sur 002 -Infrastructure projects (	2022	F	Capital Improvement Repairs	Generation	281,250	7/14/2022	Capital Improvement Advancement
PA-02-PR-4339-PW-01100	Emergency María Huracan	AES	2019	B	Energency Protective Measure	T&D	47,885	7/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01105	Emergency María Huracan	Pacific Gas & Electric Company	2019	B	Energency Protective Measure	T&D	910,961	8/4/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10710	ermantent Work María Huraca	FAASt [Equipment and Materials]	2022	F	Capital Improvement Repairs	All Assets	147,622,822	8/18/2022	Capital Improvement Advancement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Energency Protective Measure	Generation	37,586,651	8/19/2022	Internal Cost Reimbursement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Energency Protective Measure	Generation	10,017,956	8/19/2022	Internal Cost Reimbursement
PA-02-PR-4339-PW-10455	ermantent Work María Huraca	FAASt Mayaguez Hydro-Gas Power Plant	2022	F	Capital Improvement Repairs	Generation	2,421,482	8/19/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00697	Earthquake	Costa Sur Discharge Channel	2022	F	Capital Improvement Repairs	Generation	59,919	8/25/2022	Capital Improvement Advancement
PA-02-PR-4473-PW-00638	Earthquake	Earthquake Force Account T&D	2022	B	Energency Protective Measure	T&D	711,620	9/19/2022	Internal Cost Reimbursement
PA-02-PR-4473-PW-00615	Earthquake	Costa Sur Work Completed	2022	F	Capital Improvement Repairs	Generation	3,055,106	9/19/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00305	Emergency María Huracan	WEC	2018	B	Energency Protective Measure	T&D	342,294	9/22/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative María Huracan	Management Cost - Maria	2020	Z	Management Cost	Management Cost	5,832,569	9/23/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00296	Emergency María Huracan	Centerpoint	2018	B	Energency Protective Measure	T&D	413,315	9/23/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00304	Emergency María Huracan	Xcel	2018	B	Energency Protective Measure	T&D	417,608	9/27/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00291	Emergency María Huracan	AMEREN	2018	B	Energency Protective Measure	T&D	68,425	9/30/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-00358	Emergency María Huracan	XGL	2018	B	Energency Protective Measure	T&D	19,813,410	10/6/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00682	Earthquake	Costa Sur Tanks	2022	F	Capital Improvement Repairs	Generation	2,846,414	10/11/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-05838	Emergency María Huracan	Green Plant	2021	B	Energency Protective Measure	T&D	25,610	10/13/2022	CDBG-DR Non-Federal Match
PA-02-PR-3384-PW-00145	Emergency Irma Huracan	C. Principe Electrical Contractors	2020	B	Energency Protective Measure	T&D	11,814	10/13/2022	CDBG-DR Non-Federal Match
PA-02-PR-3384-PW-00149	Emergency Irma Huracan	Retirees	2019	B	Energency Protective Measure	T&D	4,482	10/13/2022	CDBG-DR Non-Federal Match
PA-02-PR-4339-PW-03775	Emergency María Huracan	Retirees 90%	2020	B	Energency Protective Measure	T&D	2,493	10/13/2022	CDBG-DR Non-Federal Match
PA-02-PR-4339-PW-00323	Emergency María Huracan	OGE	2018	B	Energency Protective Measure	T&D	452,651	10/18/2022	Contract Cost Reimbursement
PA-02-PR-4473-PW-00007	Earthquake - Fuel	Earthquake Peaking Units	2020	B	Energency Protective Measure	Generation	51,999,184	10/27/2022	Internal Cost Reimbursement
PA-02-PR-4473-PW-00638	Earthquake	Earthquake Force Account T&D	2022	B	Energency Protective Measure	T&D	29,828	10/27/2022	Internal Cost Reimbursement
PA-02-PR-4339-PW-10568	ermantent Work María Huraca	FAASt Aguirre Power Plant 002 Units 1 &2	2022	F	Capital Improvement Repairs	Generation	9,040,166	11/2/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative María Huracan	Management Cost - Maria	2020	Z	Management Cost	Management Cost	316,470	11/25/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01294	Administrative María Huracan	Management Cost - Maria	2020	Z	Management Cost	Management Cost	141,950	12/1/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-10568	ermantent Work María Huraca	FAASt Aguirre Power Plant 002 Units 1 &2	2022	F	Capital Improvement Repairs	Generation	315,216.00	12/12/2022	Contract Cost Reimbursement
PA-02-PR-4339-PW-01110	Emergency María Huracan	Southern Californis Edison Co.	2020	B	Energency Protective Measure	T&D	11,146.84	12/16/2022	Contract Cost Reimbursement
		Total					**490,691,173.65**		

Exhibit C

PREB SOW Approval Status		
Approved	98	306,177,943.16
Deferred	4	52,000,000.00
Pending	0	-
Consolidated	2	
	104	

			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 S3E-1222 07Q 3/5Y, manufactured by Baltimore Aircoil 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 pipin 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 equipement and parts for the replacement and installation of Vanessa 30,000 Triple 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 verificaction 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	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 cooldown 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 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.	385,000.00	2/4/2022	Approved		385,000.00	-
1010	San Juan Power Plant	Replacement of Two Uninterruptible Power Supply Systems for Units 7 and 8	Replacement of 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: CW2U015-4833-121-1-6-2110D & 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 exising fuel service tank and appliction 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 - 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.	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	2/8/2022	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 turine, 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 SJ5		8,000,000.00	2/8/2022	Approved	4/13/2022	8,000,000.00	-
1019	San Juan Power Plant	LTSA SJ6		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 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	1/11/2022	Approved	2/11/2022	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.	5,983,862.95	1/26/2022	Approved	7/22/2022	5,983,862.95	5,983,862.00
2030	Aguirre Power Plant	Unit 1 Air and Gas Duct Pre-heaters Repair Work	Inspections looking for leakeage and repairs on ducts will be address'ng 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 walls 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 a of approximately 46,000 square feet of Flexible Membrane Liner System of the Aguirre Fuel Farm 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 ___ Hp-____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 Alfred 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	2,599,971.00
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	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 HGPI.	1,092,000.00	1/11/2022	Approved	2/11/2022	1,092,000.00	1,092,000.00
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 Num. 1 including the replacement of all the hot gas path components and the turbo-compressor blades. Also, repair the exhaust gas housing and performe 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 EESS	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	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	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 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	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	nt and delivery of a new spare pump for the water heater (deaerato	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 istallation 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 Insulatio 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 5Major Inspection Unit 5 - HP/IP/LP Turbine Rotor Replacement	Procurement for the inspection and refurbishment of the spare turbine rotors (HP/P, 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 Demi 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/P/LP Inspection (Failure)	Peform 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 Instalation 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 frecuency/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 hard ware 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 a 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 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	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 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	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 peformance 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 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	2/1/2022	Approved	2/28/2022	1,000,000.00	1,000,000.00
4077	Palo Seco Steam Plant	Mega-Gens Environmental Comissioning	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 Interphase for operation and GIS control for both units 3, 4, Mega Gens 1, 2, 3 and Gas Turbines 1-6.	1,145,548.00	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 Interphase for operationl 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 Num. 5 Material and Installation	Purshase 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 waterwall's 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 - 13.18kv) 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 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)	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) 5694/3600 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 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	-

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.	18,000,000.00	2/1/2022	Deferred	2/28/2022		-
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.	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	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.	$ 12,000,000.00	2/1/2022	Approved	2/28/2022	12,000,000.00	-
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	1/11/2022	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 plant's.	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 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.	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 appliction 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 maitnenance 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	202,687,713.17

Exhibit D

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 Wator 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 sjsp 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	*Repairt to Masive Notification System-*	9,775	9,775	N/A	N/A
	N/A	*Reapairs 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, Generatior 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 Cambalache 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 Regulatior & 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 frecuency 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
Total	**$ 20,000,000.00**	

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
	Total		$ 40,000,000.00

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
Executive Director I Josué A. Colón Ortiz I director_ejecutivo@prepa.com

March 21, 2023

BY ELECTRONIC MAIL
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 17, 2023 (the "March 17th Letter") regarding PREPA's request for several necessary amendments to the Fiscal Year 2022-2023 ("FY2023") Budget. The March 17th Letter made reference to:

- The Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA") executed by PREPA, Genera PR LLC ("Genera PR"), and the Puerto Rico Public Private Partnerships Authority ("P3A") on January 24, 2023.

- PREPA's response to the FOMB's letter dated March 9, 2023 (the "FY2023 Budget Timeline Letter"), which required to submit a revised FY2023 Budget for PREPA that allows the payment of two type of expenses related to the transition of the operation and maintenance ("O&M") of the generation system assets to a private operator: (a) up to $15 million for the Mobilization Service Fee pursuant to Section 4.6 of the LGA OMA and (b) up to $29.4 million[1] in estimated costs for the implementation of the Voluntary Transition Program ("VTP") of PREPA employees transitioning to Genera PR.

The March 17th Letter states that PREPA did not comply with the FY2023 Budget Timeline Letter, as "[i]nstead of submitting a proposed revised budget, PREPA sent a letter dated March 13, 2023, outlining its thoughts on what should be included in the revised budget ("PREPA's Response Letter"). PREPA's Response Letter exceeded the scope of the FY2023 Budget Timeline Letter

[1] The Oversight Board recognized and acknowledged the new estimated amount for purposes of the budget amendment process, reflecting $29.4 million rather than $27.3 million, to account for 7.65% of Social Security and Medicare Taxes.

and set forth several additional proposed amendments". In addition, the March 17th Letter states that the Government of Puerto Rico shall conduct the necessary corrective action of the notice of violation as described in the letter by the Oversight Board. According to the March 17th Letter, the FOMB's notice of violation is related to PREPA's request of a:

- $60 million increase to its "Operational Expenses, Necessary Maintenance Projects, and Capital Equipment" line item ("O&M Expenses").
- $150 million increase to fund a payment to PREPA's Employee Retirement System ("PREPA ERS").

In response to the FOMB's letter, PREPA is hereby clarifying that its response letter dated March 13, 2023 ("PREPA March 13th Letter") did not have the intention of violating any law, regulation, or contract disposition, including PROMESA and the LGA OMA, nor to exceed its powers as a governmental entity under the Title III process. Instead, the PREPA March 13th Letter had the main intention of informing and justifying to the Oversight Board, the need for additional funds, including reiterating its request for O&M Expenses made during the second quarter (Q2) of FY2023, in alignment with the FY2023 Budget Timeline Letter. It is particularly noted that PREPA March 13th Letter clearly explained that the requested increase to the O&M Expenses is mainly required for the continuance of repairs and maintenance works on the generation assets before and after Genera PR's commencement date, which is aligned with the FOMB's mandate of amending the budget to allow the transition in compliance with the LGA OMA. Responsibly, PREPA's generation budget shall include the funds that Genera PR will need to continue the repair and maintenance works since its commencement date[2], which should not be later than the beginning of fiscal year 2023-2024 ("FY2024").

Furthermore, regarding the FOMB's expression stating that PREPA's letter just outlined "its thoughts on what should be included in the revised budget", we want to clarify that PREPA March 13th Letter presented not only the amendments request but also explanations and justification for such request. PREPA's request for O&M Expenses is not merely "thoughts", but the result of an evaluation of the current condition of the generation assets and the needed repairs to increase their availability and dependability, decreasing the risk of huge load shedding events, and to comply with environmental regulations. The proposed projects were identified by professional engineers, authorized to practice the engineering in Puerto Rico, each with more than twenty-five years of experience working with Puerto Rico's power system.

In addition, PREPA disagrees with the FOMB statement:

> "Additionally, according to the latest Budget to Actuals report, PREPA has not spent its current O&M budget and it should be further noted that the successor entity, Genera PR LLC, will be taking control of the legacy generation assets in May, limiting the capacity of PREPA to spend any incremental funds given the short time frame."

In response to this statement, PREPA explains that the payment of utility works takes significant time, due mainly to delays in receiving the invoices and the subsequent validation, approval, and disbursement process. Hence, even though finance reports may show low expenditures, it does

[2] 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 generation assets.

not necessarily mean that there are savings in the corresponding accounts. In addition to the invoice payment process, there are payment commitments covering current works and others that will be executed before the end of FY2023. Furthermore, in the case of Necessary Maintenance Expense ("NME") projects, these projects are mainly executed between October and April, when the energy demand is lowest during the fiscal year, which result on processing most of the invoices' payment the last quarter of each fiscal year.

As explained before, the expenditures for operating and maintaining the generation system do not follow a linear behavior during the fiscal year and, hence, it is not correct to conclude that the utility does not require more funds because at that moment there are apparent "savings" from underspend. It is also noted that, even though PREPA has not overspent in the O&M Expenses as a whole, there are already overspending in certain budget items. PREPA's budget increases request is focused on these overspent budget items, in addition to those that their expenditures are close to the approved amount. Attached, we include a summary of the expenditures and payment commitments, according to PREPA's finance 725 Report.

It is further stressed that the current available budget will not allow PREPA to operate and maintain the generation system until Genera PR starts its operations, as expressed by the Oversight Board. As explained before, responsibly, PREPA's generation budget shall include the funds that Genera PR will need to continue the repair and maintenance works since its commencement that should occur not later than July 1, 2023. PREPA reiterates that the current budget is not enough to maintain the continuance of operations without disruption of the energy supply.

Regarding the Oversight Board's request of the necessary corrective action related to the FY2023 Budget amendment, PREPA responds the following:

A. Proposed Revised FY2023 Budget for PREPA

Attached, PREPA includes its proposed revised FY2023 budget and hereby further requests that PREPA's budget be amended to include:

1. Up to $15 million for the Mobilization Service Fee pursuant to Section 4.6 of the LGA OMA.

2. Up to approximately $29.4 million in estimated costs for the implementation of the VTP of PREPA employees transitioning to Genera PR.

3. $46,440,594 increase to its FY2023 O&M Expenses:

    - Operating Budget: $23,100,000
    - NME Budget: $23,340,594
    - To continue and achieve completion of the works to be performed with these additional FY2023 NME funds, the O&M Expenses for FY2024 need to include:

        - Operating Budget: $28,581,226
        - NME Budget: $6,858,176

4. $200 million increase to fund PREPA ERS:

    - FY2023: $65 million (May and June)
    - FY2024: $135 million (July through October)

The Oversight Board will note that PREPA is including both the FOMB's requested amendments (items 1 and 2) as well as the additional requests in PREPA March 13th Letter (items 3 and 4). PREPA agrees with the need to amend its budget to add the Genera PR Mobilization Service Fee and the VTP expenses, which are an essential part of the generation system O&M transition to the private operator that in turn is one of the phases of PREPA's transformation. However, PREPA reiterates that the additional requested budget increases are also essential to its transformation, as they will allow PREPA to continue operating during the completion of such transformation, especially providing an effective transition of the repairs and maintenance works to Genera PR. PREPA is convinced that its additional requests are aligned with the FOMB's budget amendment request.

PREPA respectfully requests the Oversight Board to carefully evaluate PREPA's additional requests, in light of its transformation path as envisioned in PREPA's Fiscal Plan, all its efforts to gather additional revenues from federal funds, which are the base to PREPA's request, and the energy supply continuity to customers. In addition, PREPA urges the FOMB to consider that, concurrently with PREPA March 13th Letter, on March 14, 2023, PREPA submitted to the Puerto Rico Energy Bureau ("Energy Bureau" or "PREB") a motion requesting their approval of the proposed FY2023 budget amendment ("March 14th Motion"), which as of the date hereof has not been answered. Hence, the Oversight Board should not consider that the PREB's denial of PREPA's O&M Expenses request in its February 27, 2023's Resolution and Order is final, as PREPA requested its reconsideration in the March 14th Motion. PREPA's and Genera PR's operations depend on the approval of the additional requests, which affect the reliability and continuity of the energy supply to Puerto Rico. These procedural issues should not be at the expense of necessary fiscal decisions for, and execution of, repairs by PREPA. PREPA management is focused on completing its mandate to maintain reliable service within the strained circumstances.

In order to address necessary works included in this request, PREPA proposed, and clarifies again, that it has and will continue to utilize readily available the Federal Emergency Management Agency ("FEMA") reimbursement funds where possible. FEMA reimbursement funds are not available for all types of generation system repair projects. PREPA has received reimbursements from FEMA, which replenish operating funds that were disbursed in prior periods by PREPA to pay for eligible projects. In accordance with PREPA Governing Board resolution relating 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"). As reimbursement funds, these funds are not restricted and may properly be used for operational expense and budgeted projects.

It is also stressed that PREPA March 13th Letter included the following clause, as required by the Oversight Board:

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.

With this clause, PREPA committed to transfer back to its operational accounts, any unused funding requested in the March 13th Letter. Therefore, PREPA hereby reiterates its commitment to transfer back to its operational accounts, any unused funding requested in this letter.

PREPA hereby responds and seeks to further clarify the nature, basis and urgency of these budget amendment requests – as it continues transition of its generation services to Genera PR and manages its fiduciary responsibilities and obligations towards the thousands of retired and existing PREPA employees. PREPA provides more information and details regarding its additional requests below. It is imperative that the Oversight Board evaluates the importance of PREPA's request, for the wellbeing of the people of Puerto Rico. If these operational needs are not adequately address, PREPA expects an increase of the risk of massive load shedding events like those occurred during the summer of 2021, noncompliance with laws and regulations and the corresponding imposition of fines and penalties, and a disruption in the Genera PR transition process.

B. Operational and Maintenance Expenses

As it relates to PREPA's request for a $46.4 million amendment in its FY2023 budget, to fund operational and maintenance expenses to comply with its obligations and to repair legacy generation and water facilities, PREPA reiterates that (i) the works underlying this request are urgently needed and critical to ongoing and environmentally compliant operations of Puerto Rico's electrical system, (ii) the ongoing procurement of equipment and repairs to the generation system must continue in sequence before and after Genera PR service commencement, (iii) the administrative and technical support shall not be interrupted for PREPA to comply with its repairs schedule and regulatory and contractual obligations, (iv) the denial of activities included in this request imperils the orderly transition and early months of Genera PR's operation of the generation system, and (v) PREPA has funds on hand available for this budget amendment request.

PREPA further highlights that, as was approved by the FOMB, the FY2023 generation budget was segregated in PREPA's budget and, thus, the FY2023 generation budget in-effect on Genera PR's Service Commencement Date will be the applicable budget for Genera PR to operate the generation system. Hence, the FOMB's limitations on PREPA's generation budget will directly impact Genera PR.

PREPA again specifically highlights below the urgent necessity and criticality of these works, as detailed in PREPA's January 11, 2023 response to the request for information (RFI) made by FOMB on December 27, 2022 ("January 11th RFI Response"), including Exhibit C, and in PREPA March 13th Letter Updated Exhibit E of such January 11th RFI Response and various meetings and conference calls with Oversight Board representatives.

1. Necessary Maintenance Expense Projects (NME)

Included in the $46,440,594 O&M Expenses request, there is a petition of adding approximately $23,340,594 to the NME budget for necessary repairs and maintenance projects in the generation system for FY2023. PREPA has provided the Oversight Board with a detailed breakdown of NME projects and spending categories in its January 11th RFI Response. These maintenance activities are not eligible for reimbursement from FEMA and therefore must be funded by PREPA's own funds.

The projects cover necessary maintenance at both baseload and peaking generation facilities that are critical for a safe and reliable electric service at reasonable cost. Repairs at Palo Seco 3, San Juan 7, and Aguirre 1 & 2 aim to keep these older units in working order to avoid the unnecessary and costly dispatch of diesel peaking units during summer months. Requested maintenance projects at Mayagüez, Cambalache, Aguirre Combined Cycle, and the various Frame-5 peaking units aim to keep these peaking units operating and available for dispatch when needed to meet peak demand and in case of forced outages or other emergencies. The lack of executing maintenance works on PREPA's generating units, like the ones requested herein, was the main reason for the huge load shedding events occurred during the summer of 2021, when more than one million of customers were affected, including hospitals and commercial and industrial customers. These outages events affected the safety and economy of the people of Puerto Rico.

We further revised the Updated Exhibit E, submitted with PREPA March 13th Letter, to confirm the expected expenditures of the $40 million requested in PREPA's letter to the Oversight Board dated December 8, 2023 ("December 8th Letter"). Given that more than three (3) months have passed since the original request in the December 8th Letter, PREPA estimates that not all the works can be executed during the remainder of FY2023, especially considering the waiting time to receive equipment and materials under the current electric industry supply chain conditions. Hence, an adjustment was made and PREPA is hereby proposing an addition of $23,340,594 in the FY2023 NME budget.

It is stressed that, to complete the works executed with the additional FY2023 funds, it is necessary to provide $6,858,176 in the FY2024 NME budget. Attached with this letter we include the latest revision of the Exhibit E ("Exhibit E 2nd Review"), showing more information regarding the proposed NME projects, which are expected to amount about $30,198,770 during current and next fiscal years.

2. Environmental Compliance

In addition to increase the reliability of the generation system and reducing the risk of load shedding events, the additional investment of $23,340,594 in NME budget is needed to comply with environmental regulations. As explained in PREPA March 13th Letter, approximately $6 million is required for necessary works to comply with the U.S. Environmental Protection Agency ("EPA") Consent Decree. Of this estimate, it is expected that PREPA will expend approximately $4.95 million during FY2023 and the remainder $1.05 million during FY2024.

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 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. Funding for this work is absolutely critical for PREPA and Genera PR to execute the planned environmental outages outlined in the latest generation maintenance schedule, which was provided to the Oversight Board in the March 15th Fiscal Plan Reporting submittal.

It is noted that it is an industry practice to execute repairs and other maintenance works during the outage of a unit that must undergo an environmental maintenance. The environmental compliance works are intrinsically related to other maintenance works executed on the unit, as the latter helps to comply with environmental regulations and the environmental maintenance increases the unit's dependability and availability. Hence, when an environmental maintenance work is delayed, not only PREPA is subject to penalties and fines from the EPA, but also experiences an increase of the risk of units' forced outages and consequently of huge load shedding events.

3. Operating Budget

Included in the $46,440,594 O&M Expenses request, there is a petition of adding approximately $23,100,000 to the FY2023 Operating Budget (See attached Exhibit E 2nd Review). This increase in budget is needed for administrative and technical support that shall not be interrupted for PREPA to comply with its repairs schedule and regulatory and contractual obligations. Of this increase, about $19.8 million are needed for the daily execution of corrective and environmental maintenance of the power plants and approximately $3.3 million are necessary to continue executing tasks related to compliance with the Energy Bureau, the LGA OMA transition completion, and ongoing legal responsibilities.

The increase of $19.8 million is requested for the Materials & Supplies and Other Miscellaneous Expenses that are essential to implement a better and more effective maintenance program, including preventive and proactive programs. The procurement of materials and labor 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.

Providing enough budget in the above-mentioned categories, as expressed by PREPA in its letter to the FOMB dated July 1, 2022 ("PREPA July 1st Letter") is essential to improve the availability and dependability of the generation system, as stated in the Fiscal Plan:

> "[T]he 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."

Maintaining a very 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. Under the current budget conditions (PREPA has already overspent in the Materials & Supplies budget and has spent more than 90% of the Other Miscellaneous Expenses budget), 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.

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. Even though PREPA has completed several repairs of this program during the past year and a half, its thermal generation fleet is still fragile and, unfortunately, was further damaged by Hurricane Fiona in September 2022.

To address the generation fleet condition after Hurricane Fiona, PREPA requested FEMA to provide temporary baseload generation, by means of portable land or water based generating units, that could supply energy to the customers while PREPA, and later the private operator, expeditiously execute its generating fleet repairs and maintenance program. In response, on October 12, 2022, the Federal Government created the Puerto Rico Power System Stabilization Task Force ("Federal Task Force") to conduct assessments, develops plans, and begins executing strategies in order to stabilize the power system of Puerto Rico prior to the 2023 Hurricane Season. As a result of the efforts of the Federal Task Force, PREPA and other stakeholders, the first three (3) portable generators arrived in Puerto Rico last week.

It is stressed that the works budgeted under the Materials & Supplies and Other Miscellaneous Expenses categories, are essential to conduct the repairs and maintenance program that PREPA and Genera PR will execute in compliance with the commitment with the Federal Task Force. Therefore, PREPA urges the Oversight Board to approve the requested increase in the Operating Budget. It is also noted that the works under these categories shall continue the next fiscal year and, therefore, the necessary contracts should be approved before the end of FY2023, so Genera PR is able to continue operating the thermal generation system without disruption. Hence, PREPA estimates that the FY2024 budget shall include approximately $28,581,226 for these maintenance works. Currently, PREPA representatives have discussions with Genera PR regarding the contracts for performing these works.

Regarding the renewable generation procurement process mandated by the Energy Bureau, PREPA still has significant PREB regulatory requirements for oversight and reporting to fulfill for executed Tranche 1 renewable contracts. PREPA filed motions with PREB most recently on February 28, 2023, to inform on key proponent communications regarding delays which could jeopardize the already delayed Closing Date and on a third LUMA policy change for the PREPA Interconnection Facilities. In addition, PREPA continues dealing with the "Shovel Ready" renewable projects accepted by the Oversight Board, which require performing continuous communications and evaluations with their proponents.

To comply with the regulatory requirements that are part of the renewables' integration processes, PREPA mostly requires the services of the law firms Díaz & Vázquez Law Firm PSC ("D&V") and King & Spalding LLP ("K&S"), especially the latter. The Oversight Board recently approved an increase to the contract with D&V, as its original amount was not enough to continue working the remainder of FY2023. In the case of K&S, currently, PREPA cannot assign more tasks to this law firm as the expenditures has reached almost the maximum amount of PREPA's contract with them. In light of this situation, PREPA is not able to move forward with the completion of its duties in the integration of renewable energy, which are required by the Puerto Rico public energy policy mandated by law.

For the LGA OMA transition completion, PREPA is required to undertake certain actions, like conducting assessments and developing reports to be submitted to different governmental entities and regulators. One of the needed assessments for the Genera PR transition is an environmental site assessment ("ESA") of all PREPA's thermal generating units' locations. PREPA executed a contract with the consultant Sargent and Lundy Puerto Rico LLC ("S&L") for conducting the ESAs. Currently, PREPA needs to add funds to the S&L contract, so the consultant can complete the ESA of the peaking units' sites. Without the ESA of all PREPA's generation thermal fleet, the transition to Genera PR cannot be completed.

Lastly, given that PREPA's Legal Affairs Directorate depends almost completely on private law firms to comply with its duties and responsibilities, it is necessary to add funds to execute works during the remainder of FY2023. Among the PREPA's legal duties and responsibilities, the Legal Affairs Directorate is responsible for regulatory compliance, legislation reviews and opinions, notary services, litigation, claims, legislature hearings, court hearings, reporting to governmental agencies, and contracts evaluation. These ongoing activities are required from PREPA and, if unfunded, will cease to continue exposing PREPA to fines and penalties, that will increase the cost of service to the customers.

4. Support for the Genera PR Transition

Lastly, PREPA requests this FY2023 budget amendment from the Oversight Board in accordance PREPA's transformation obligations and, specifically, its obligations under the LGA OMA. 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 contracting timelines and limit access to necessary materials and labor,

which could result in load shedding events and blackouts because of insufficient generation. PREPA's request extends beyond the scope of traditional, twelve-month thinking, in a business and utility setting that requires multi-year funding streams and budgets to ensure that there is no interruption in the supply chain. PREPA cautions that any short-term solution by the Oversight Board as it relates to the FY2023 budget will only impair the long-term wellbeing of the Puerto Rico electrical system.

As explained before, the Genera PR transition requires all the budget amendments requested by PREPA herein. Among others, the mobilization fee and the VTP are needed to conduct Genera PR's actions to recruit the specialized employees that the operator will need to comply with its duties according to the LGA OMA. It is noted that the condition of the PREPA ERS is an important factor that many current generation employees will consider when deciding on accepting a job offer from Genera PR. This, considering that many of these employees will need to receive back their contributions to PREPA ERS when resigning to PREPA and start working with Genera PR. Hence, to the extent that the PREPA ERS is stable, it is more probable that PREPA's employees will accept a job offer from Genera PR.

In addition, to start operations of the generation system, Genera PR needs to receive an operational and in service generation fleet, which greatly depends upon the execution of projects under the NME budget and works under the Operating Budget.

C. Pension Funding

In its March 17th Letter, the Oversight Board modifies PREPA's proposed amendment for pension funding in the amount of $150 million to only include "interim pension funding needed to ensure pension payments for the remainder of FY2023." PREPA would like to highlight that its original pension funding request in the amount of $150 million is intended to address projected funding for approximately 6 months, after years' long underfunding directed by the Oversight Board who never incorporated the full need of projected employer contributions, to benefit other priorities put ahead of PREPA's retired and active members.

Additionally, the request for pension funding is projected to last only through October, and is urgently needed to: (i) reserve such funding in the face of the many funding priorities that continue to accrue to PREPA (including those related to T&D service accounts, outage reserve accounts, Genera PR Mobilization fees, Voluntary Transition Program, etc.) and (ii) take advantage of the readily available funds to address this high priority for PREPA, the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF", for its Spanish acronym), and the Government of Puerto Rico, understanding PREPA's variable and often volatile cash flow and liquidity. Retirees and current employees are increasingly concerned and distressed knowing that the PREPA ERS is dramatically underfunded. In a memorandum dated February 14, 2023, the President of the ERS Board of Trustees stated that the pension system, "will not be able to pay retirement benefits from April 2023 and thereafter". PREPA's objective is to secure those funds while the Oversight Board continues its mediation efforts, and a final and long-term solution is completed. It is the strong and unequivocal position of PREPA management, AAFAF and the Governor that pensioners' rights and funding needs are the single highest priority - spare nothing else.

In response to the March 17th Letter, PREPA revised the PREPA ERS cash needs report dated March 10, 2023. As part of this revision, PREPA came to know that PREPA ERS representatives provided more clarification regarding these estimates to AAFAF representatives during a recent meeting. In general, PREPA ERS informed that there is high uncertainty regarding the system liquidity, mainly based on factors like the number of retirees and mortgage payments from loans, among others. Therefore, and considering this high uncertainty, PREPA updated its pension funding estimate from $150 million to $200 million, $65 million for FY2023 (May and June) and $135 million for FY2024 (July through October). PREPA believes this is the minimal amount necessary to avoid a disruption in payments to PREPA retirees and employees.

PREPA appeals to the Oversight Board to act on PREPA ERS current situation, approving the requested funding for the remainder of the current fiscal year, FY2023. PREPA further urges the Oversight Board to commit to further addressing this issue in connection with the FY2024 budget approving the requested funding until October 2023, which will help all stakeholders to negotiate and implement a long-term solution. Our highest priority must be ensuring continued commitment to fund such benefits.

Lastly, PREPA appeals to the Oversight Board to assign the same importance to PREPA's additional requests that it assigns to transactions impacting the private operators, like Genera PR at the moment and previously with LUMA Energy LLC ("LUMA"). PREPA believes that addressing current repairs and maintenance works, regulatory and technical support, and pension funding needs is as important as providing funds to the private operators.

For example, on December 15, 2022, PREPA was required to transfer $87,974,000 from the FEMA Reimbursement Accounts to the operating accounts to replenish LUMA's service accounts to cover some LUMA's deficit. According to our knowledge of this situation, LUMA was not required to provide any explanation or justification for the deficit, nor from P3A or FOMB. PREPA has come to know that most of LUMA's reports show overspending in several budget items and underspending in others, but no explanations or justifications have been required from the private operator.

Given that the private operators budget is determined with the same revenues on which are based for PREPA's budget, one can expect that the budget amendment procedures to be equal for all the parties. However, it has been our experience that PREPA is required to provide explanations and justifications that are not required from LUMA. Therefore, PREPA respectfully requests the Oversight Board to explain the differences in the budget approval processes that apply to PREPA and LUMA and why such differences exist. It is PREPA's opinion that these procedures should be clarified before the commencement of Genera PR as the private operator of the thermal generation system.

Regarding budget amendment procedures, yesterday, the Energy Bureau issued a Resolution and Order related to Case No. NEPR-MI-2021-0004, Review of LUMA's Initial Budgets, which imposed a fine of $25,000 because, among others, LUMA did not seek the PREB's review of a budget amendment before the expense is incurred. Attached we include copy of the Order. The Energy Bureau stated in this Order that LUMA and PREPA are under the PREB's regulatory powers that include budget monitoring and management.

These statements clearly show that both LUMA and PREPA shall request the approval of budget amendments from the Energy Bureau, before modifying the budget. Therefore, PREPA submitted its March 14th Motion requesting PREB's approval of its proposed FY2023 budget amendment and will promptly submit a clarification to that motion informing the changes in the budget amendment requested herein.

Finally, PREPA reiterates that it is working for the benefit of the people of Puerto Rico, the thousands of retired and current employees, committed to move forward in its path through the energy sector transformation, and trusts that the Oversight Board does so collaboratively and with the support requested. Hereby, PREPA presents ample explanations and justification for its requests, much of which have been extensively discussed with FOMB's representatives, in addition to provide the solution to provide the needed funds covering the expenses of such requests.

PREPA's current management has proven being effective using its approved budget, completing operational and permanent works, and gathering federal funds reimbursements from those works. Furthermore, PREPA is committed to spend only what is needed to comply with its obligations, including the transition to Genera PR, and transferring back any unused fund.

PREPA's budget amendment request is based on (i) urgently needed operational necessities, (ii) transition of O&M services to Genera PR, (iii) the obligations with our pensioners, and (iv) the knowledge about our generation and related power systems, that only PREPA management can ascertain and discern with the required knowledge and operational experience that serves the general public. Any other budgeting approach is fragmented, based on incomplete knowledge and information and seemingly convenient to drive objectives that are not aligned with the operational, transitional, and pension objectives itemized above.

PREPA reiterates its availability to meet with the representatives of the Oversight Board and provide any clarification to this request that helps the FOMB to understand its importance.

Cordially,

Josué A. Colón-Ortiz
Executive Director

Annexes

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GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
Executive Director I Josué A. Colón Ortiz I director_ejecutivo@prepa.com

March 22, 2023

BY ELECTRONIC MAIL
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.: Supplemental Information for Budget Amendment Review

The Puerto Rico Electric Power Authority ("PREPA") hereby refers to its letter to the Financial Oversight and Management Board for Puerto Rico ("Oversight Board" or "FOMB") dated March 21, 2023 (the "March 21st Letter"), in which PREPA reiterated its request to the FOMB for the approval of several necessary amendments to the Fiscal Year 2022-2023 ("FY2023") Budget. The March 21st Letter presents ample explanations and justifications for the requested amendments that include:

1. Up to $15 million for the Mobilization Service Fee pursuant to Section 4.6 of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA") executed by PREPA, Genera PR LLC ("Genera PR"), and the Puerto Rico Public Private Partnerships Authority ("P3A") on January 24, 2023.

2. Up to approximately $29.4 million in estimated costs for the implementation of the Voluntary Transition Program ("VTP") of PREPA employees transitioning to Genera PR.

3. $46,440,594 increase to its "Operational Expenses, Necessary Maintenance Projects, and Capital Equipment" line item ("O&M Expenses") for FY2023:

- Operating Budget: $23,100,000
- Necessary Maintenance Expense ("NME") Budget: $23,340,594
- To continue and achieve completion of the works to be performed with these additional FY2023 NME funds, the O&M Expenses for FY2024 need to include:

  - Operating Budget: $28,581,226
  - NME Budget: $6,858,176

4. $200 million increase to fund PREPA's Employee Retirement System ("PREPA ERS"):

   - FY2023: $65 million (May and June)
   - FY2024: $135 million (July through October)

Hereby, PREPA is providing supplemental information to the March 21st Letter, regarding PREPA's petition to increase its O&M Expenses budget for FY2023. This, to emphasize the need and urgency of continuing executing the repair projects and maintenance works before and after the commencement date of Genera PR as the operator of the thermal generating units. Accordingly, PREPA is attaching several technical documents that show the effect of having a limited dependable generation capacity in Puerto Rico's isolated power system.

As PREPA explained in the March 21st Letter, even though PREPA had completed several projects of it generating units' repairs program, its thermal generation fleet is still fragile and, unfortunately, was further damaged by Hurricane Fiona on September 18, 2022. We include the generation system damage reports in Annexes 1 and 2, attached with this letter. In addition, we include as Annex 3, a graph comparing the available generation capacity ("AC") with the maximum energy demand ("D_{max}") from September 17, 2022 to October 11, 2022.

It is noted that the difference between the AC and D_{max} graphs is called the operational reserve, which shall be maintained in a minimum value to minimize the risk of instability events in the power system that generally result in huge load shedding events. According to the System Operating Principles ("SOP") prepared by LUMA Energy LLC ("LUMA") and approved by the Puerto Rico Energy Bureau ("Energy Bureau" or "PREB"), the operating reserve in Puerto Rico shall be equal to or higher than 300 MW plus the MW capacity of the larger generating unit available. Considering the existing installed generating units' capacities, the operating reserve shall be maintained between approximately 700 MW and 750 MW.

As you can observe in Annex 3, on September 17, 2023, the day before the hurricane, there is an operational reserve of 878 MW (3,117 – 2,299), which was dramatically reduced after the passage of the Hurricane Fiona. The graphs clearly show that the week

after the hurricane, even though there was enough generation capacity to supply the energy, the operational reserve was extremely low, 180 MW (1,582 – 1,402) on September 23, which represented a very high risk of instability situations, which could result in a total blackout. To address this risky situation, on September 27, 2023, PREPA requested FEMA to provide temporary baseload generation, initially by means of water based generating units, that could supply energy to the customers while PREPA, and later the private operator, expeditiously execute its generating fleet repairs and maintenance program.

In response to PREPA's request, on October 12, 2022, the Puerto Rico Power System Stabilization Task Force ("Federal Task Force") was created to conduct assessments, develops plans, and begins executing strategies to stabilize the Puerto Rico's power system prior to the 2023 Hurricane Season. The Federal Task Force, composed by representatives from the U.S. ARMY Corps of Engineers ("USACE"), Federal Emergency Management Agency ("FEMA"), U.S. Department of Energy ("DOE"), and Environmental Protection Agency ("EPA"), assessed the condition of the power system after the passage of Hurricane Fiona and found, among others, that:

- Actions are necessary to eliminate or lessen the immediate threat to lives, public health, and safety due to the instability of the power grid exacerbated by Hurricane Fiona damage to generation, transmission, and distribution systems.

- There is insufficient generation reserve capacity to complete repairs and ensure stability of the system.

- As a course of action, it is needed to execute the following:

    - Short- to mid-term: Provide temporary generation, land-, water-based or both, to increase the power system capacity to complete priority emergency repairs to stabilize the system without significant interruption in service.

    - Mid- to long-term: complete priority emergency repairs to stabilize the system without significant interruption in service.

As explained in the March 21st Letter, the efforts of the Federal Task Force, PREPA and other stakeholders are making it possible to install temporary generation, of which the first three (3) portable generators arrived in Puerto Rico last week. The Federal Task Force is working to install approximately 350 MW of temporary generation between the Palo Seco and San Juan Power Plants. As found by the Federal Task Force, this temporary generation capacity will help PREPA and Genera PR to expedite the repairs projects and maintenance works on the existing generating units.

In addition to PREPA's actions to assess the generation system condition after Hurricane Fiona, on October 6, 2022, LUMA, as the electrical system operator, submitted a letter to the Energy Bureau informing their risk assessment of the electrical system after the hurricane. We include copy of this letter in Annex 4, where LUMA stated that the operating reserves levels after the emergency are not in compliance with the SOP and urged the Energy Bureau to "explore generation capacity increases for the near-and-medium term to benefit the people of Puerto Rico". In response to the letter, the PREB conducted a technical conference with LUMA on October 11, 2022[1], where LUMA recommended implementing a generation risk mitigation plan. We include copy of the presentation by LUMA in the October 11 conference in Annex 5 ("LUMA October 11 Presentation").

The page 9 of the LUMA October 11 Presentation shows a forecast of the system load and generation availability from September 29 to November 12, 2022, where can be clearly observed how the reserve deficiency increase when occurs the outage of a baseload unit, like Aguirre 2, EcoEléctrica, Palo Seco 4, and Costa Sur 5 and 6. LUMA stressed in its assessment that the emergency of Hurricane Fiona delayed PREPA's repair schedule and that worsen the already fragile condition of the generation fleet. Furthermore, LUMA informed that a preliminary analysis estimated that the Loss of Load Event ("LOLE") probability increased from 28 day per year before Hurricane Fiona to as high as 98 days per year after the hurricane, indicating that the generation system reliability decreased with the damages caused by the hurricane.

As ordered by the Energy Bureau on October 12, 2022, LUMA has submitted regular updates to the PREB regarding the generation stabilization plan ("Stabilization Plan") required by the Energy Bureau after the LUMA October 11 Presentation, when LUMA considered the possibility of the installation of temporary generation requested by PREPA. In its first update submitted on October 31st, 2022, LUMA informed that, when simulating 500 MW of additional generation capacity, the LOLE is reduced from a current value of 49.8 days per year to 27.7 days per year. See Annex 6. This analysis shows the importance of increasing the dependable generation capacity in Puerto Rico's power system.

Starting with the update reports submitted by LUMA in November 2022, LUMA included the temporary generation requested by PREPA and being worked by the Federal Task Force as part or the short- to mid-term solution to stabilize the generation system in Puerto Rico. In its update report of January 15, 2023, LUMA included a graph of the average daily availability rate from July 1st, to December 10, 2022 (See Annex 7). This graph clearly shows how the availability of PREPA's generation fleet decreased after the passage of Hurricane Fiona. Considering this fact, LUMA concluded that the concerns regarding having adequate generation capacity remains. This concern continues appearing in LUMA's update reports submitted in February and March of 2023.

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[1] See Case No. NEPR-MI-2022-0003, LUMA's Response to Hurricane Fiona.

The last update report of the Stabilization Plan was submitted by LUMA on March 15, 2023. We include copy of this report in Annex 8, which shows that the availability of PREPA's generating units has stabilized during February and March (see page 12 of the update report) and that the 350 MW that the Federal Task Force will install would increase the system reliability from current LOLE of 37.2 days per year to 28.6 days per year (see page 12 of the update report). These updated analyses show that there has been an improvement in the generation system availability and reliability, which shall be due to the repairs and maintenance works that PREPA have been executing after the restoration works of Hurricane Fiona. In addition, it is expected that the forecasted reliability will increase more when the addition of 350 MW of baseload generation to the power system is completed. However, it is important to always validate the forecasts and simulations with field data and the experience of the expert operational staff.

It is also noted that Puerto Rico's generation system availability and reliability has been affected by the current condition of the generating units of AES Puerto Rico LP ("AES"). Since 2018, AES has been experiencing an increase in the forced outages of its units, as can be seen in the Annex 9[2] attached herein, that has reduced its availability and dependability. PREPA understands that one reason for this increase could be the fiscal constraints that AES has been experiencing mainly because of the high cost of the disposal of ashes. The forced outages of AES units have affected PREPA's repairs and maintenance program, as its units have been kept online to supply the energy demand.

As can be observed in the LUMA's update reports on the Stabilization Plan as well as the assessments conducted by the Federal Task Force, the reliability and safety of the power system greatly depends on maintaining an adequate capacity of dependable installed generation, that is capable to supply the energy demand with safe levels of operational reserve. Another important aspect that affects the reliable and safe operation of an electrical system is the load behavior, as the adequate capacity of available generation and the operational reserve must be determined considering the maximum or peak demand. Therefore, the utility is responsible to have as much as possible of available generation capacity during the months that it is expected to experience maximum or peak demand of energy.

Consequently, any programmed repair or maintenance work shall be completed before the peak demand season. In Puerto Rico, the peak demand season coincides with the high hurricane season, usually occurring from August through October, been September and October the most common peak demand months. In general, the peak demand occurs during the hottest months of the year, like those mentioned before, but there are years that the peak occurs earlier, like the peak of the year 2022 that was 3,016 MW of production of energy on June 6, 2022, 8:16 p.m. *See* Annex 10.

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[2] This annex shall be protected as confidential information.

Hence, PREPA's and private generators' major maintenance programs are schedule out of the peak season, from November through May, usually leaving June and July for contingency works in case the programmed works are delayed. This is another reason why PREPA must not stop or delay the units repairs and maintenance until Genera PR starts its operations, which is expected to occur close to the start of the hurricane season.

It must be noted that the system reliability decreases as the dependable available generation capacity decreases. When the available operational generation capacity is lower than the minimum required for a reliable operation, the power system is under a high risk of losing stability. This risk is even higher in an isolated system like Puerto Rico's system, where an instability event can evolve to a total outage or blackout more easily than in an interconnected system. To prevent such total system outage during generation capacity limitations, the system operator needs to execute partial outages across the power system, affecting thousands of customers. Therefore, outages resulting from generation capacity limitations usually disconnect huge blocks of load from the power system, which could include critical loads such as hospitals and other essential services facilities.

To increase the current limited dependable available generation and provide a reliable and continuous generation service to the People of Puerto Rico, preventing massive load shedding events, and comply with the minimum reserve levels of the SOP, it is crucial to keep the generating units and their auxiliary equipment operational and in the best possible condition. Therefore, the prioritization of conservation, repairs, and retrofitting works projects of the units is essential to PREPA, who has been conducting repairs and maintenance works, facing many challenges while operating an old and fragile generation fleet. It is stressed that the short- and mid-term solution to increase the reliability of the generation system is to execute the programmed repairs without disruption, especially taking advantage of the temporary 350 MW units that will support the reliability of the system while PREPA's units are repaired.

It is further stressed that the current available budget will not allow PREPA to operate and maintain the generation system until Genera PR starts its operations, as expressed by the Oversight Board. As explained before, responsibly, PREPA's generation budget shall include the funds that Genera PR will need to continue the repair and maintenance works since its commencement that should occur not later than July 1, 2023. PREPA reiterates that the current budget is not enough to maintain the continuance of operations and of repair and maintenance works without disruption of the energy supply. If PREPA must stop these works, due to the lack of access to its reimbursed funds, it would result in a high risk of decreasing the reliability and availability of the generation system, with the consequence of putting the lives of the people of Puerto Rico at risk and destabilizing the economy.

Finally, PREPA again reiterates that it is working for the benefit of the people of Puerto Rico, the thousands of retired and current employees, committed to move forward in its path through the energy sector transformation, and trusts that the Oversight Board does so collaboratively and with the support requested. PREPA's current management has proven being effective using its approved budget, completing operational and permanent works, and gathering federal funds reimbursements from those works. This, even with very limited and constraint resources, both staffing and funding. Furthermore, PREPA is committed to spend only what is needed to comply with its obligations, including the transition to Genera PR, and transferring back any unused fund.

PREPA reiterates its availability to meet with the representatives of the Oversight Board and provide any clarification to this request that helps the FOMB to understand its importance.

Cordially,

Josué A. Colón-Ortiz
Executive Director

Annexes

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Annex 3

Aguirre Repair Works Summary

Resumen de Trabajos de Reparación de Aguirre
16 de mayo de 2023

1. ***Aguirre Boiler Improvement U-2 – Aguirre Steam Plant***

   Unidad fue retirada de servicio el 28 de abril 2023 debido a roturas en la línea de "Main Steam" de la unidad. Es imposible operar la unidad con estas roturas debido a los riesgos de seguridad en la unidad. Estos trabajos de la salida forzada demoraran al menos 3 semanas. La unidad ya se encontraba limitada en 100 MW debido a problemas de obstrucción en los pre-calentadores de aire de la misma. Al realizar una inspección se determinó realizar reemplazo de canastos calientes (materiales y servicio de instalación) para al retornar la unidad poder eliminar gran parte de los 100 MW de limitación que teníamos. El tiempo de entrega de la unidad no se afecta por este remplazo. Los materiales no estaban disponibles en Aguirre y la fecha de entrega es de al menos seis meses, pero los canastos calientes de Costa sur 5 son similares, por lo que procedimos a mover los canastos en el almacén de Costa sur para ser utilizados en Aguirre 2. Este conjunto de actividades se puede considerar una mejora capital en este precalentador de aire. Unidad debe comenzar arranque el lunes 22 de mayo 2023.

2. ***Aguirre Boiler Improvement U-1 – Aguirre Steam Plant***

   Unidad de Aguirre 1 sufrió una avería el 7 de agosto de 2022 luego de finalizar trabajos mayores de reparaciones en la turbina, caldera y equipos auxiliares de la unidad. En proceso de arranque sufrió avería forzada en el área del generador. Inspección determino daños en el abanico del generador lo cual requiere remplazo

de piezas del abanico del generador y limpieza e inspección del rotor y estator del generador. El tiempo para realizar estos trabajos se ve afectado debido a fechas de entrega de materiales del abanico del generador. Estimado es 15 junio 2023. Durante este periodo se procede a continuar con reparaciones en los conductos de los abanicos, conductos de la caldera, reparación del refractario de chimenea entre otros que le añaden confiabilidad a unidad. Estos trabajos se estiman en 795,000 dólares y se realizan dentro del tiempo que unidad estará fuera por la avería. Esto ayudara a que unidad regrese a servicio con una carga cercana a las 450MW debido a que la reparación de estos conductos reduce las infiltraciones de aire en la unidad.

3. Aguirre Turbo Generator Improvement Unit 1 Aguirre

Unidad de Aguirre 1 sufrió una avería el 7 de agosto de 2022 luego de finalizar trabajos mayores de reparaciones en la turbina, caldera y equipos auxiliares de la unidad. En proceso de arranque sufrió avería forzada en el área del generador. Inspección determino daños en el abanico del generador lo cual requiere remplazo de piezas del abanico del generador y limpieza e inspección del rotor y estator del generador (desarmar-inspeccionar-armar). Los trabajos tienen un costo de 3 millones de dólares no contemplados en los estimados sometidos a Fema anteriormente. Es imposible retornar esta unidad a servicio sin completar estos trabajos del generador. El costo de estos trabajos es capitalizable.