

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

NEPR

Received:

Jun 21, 2023

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IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Submit Responses to the
Energy Bureau's June 9 2023 Bench Orders and
Third Request for Information in Compliance with
the June 12, 2023 Order

**MOTION TO SUBMIT RESPONSES TO THE ENERGY BUREAU'S JUNE 9 BENCH
ORDERS AND THIRD REQUEST FOR INFORMATION IN COMPLIANCE WITH
THE JUNE 12, 2023 ORDER**

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

1. On May 3, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau" or "PREB") issued a procedural calendar to be followed during the case of caption, Thereafter, on May 8, 2023, the procedural calendar was modified whereby a Virtual Technical Conference was scheduled for Friday, June 9, 2023.
2. On May 16, 2023, LUMA Energy, LLC and LUMA ServCo, LLC (collectively, "LUMA") filed a document titled *Submission of Consolidated Annual Budget for Fiscal Year 2024 and Annual T&D Projections through Fiscal Year 2026* ("May 16 Motion") before the Energy Bureau. The May 16 Motion included the FY2024 Budget Proposal for the Puerto Rico Energy System.
3. The FY2024 Budget Proposal for the Puerto Rico Energy System is comprised of the proposed budget for the Transmission and Distribution System ("Proposed T&D Budgets"), developed by LUMA; the budget proposal for the legacy thermal generation units (the "Proposed GenCo Budget"), developed by Genera PR LLC ("Genera"); the budget proposal for the hydroelectric generating units and the public irrigation facilities¹ (the "Proposed HydroCo

¹Hydroelectric generating units and the public irrigation facilities ("Hydroelectric Assets")

Budget"), and the budget proposal for PREPA and its subsidiaries other than GenCo and HydroCo (the, "Proposed HoldCo Budget"), both developed by PREPA.²

4. After a series of procedural events, submissions, and answers to the Energy Bureau's requirements of information (ROIs), on June 9, 2023, the Virtual Technical Conference was held. As part of the Technical Conference, the Energy Bureau issued a series of bench orders ("June 9 Bench Orders"). Furthermore, the Technical Conference concluded at approximately 7:00 pm, before the Energy Bureau's questioning of PREPA's witnesses was completed. Upon conclusion of the Technical Conference, the Energy Bureau indicated it would issue additional ROIs to address the remaining questions.

5. On June 12, 2023, the Energy Bureau issued a *Resolution and Order* ("June 12 Order"). Through the June 12 Order, the Energy Bureau expressed that additional information was required for its review and evaluation of the HoldCo and HydroCo proposed budgets and ordered PREPA to submit answers to PREB's Third ROI (36 ROIs).

6. On June 14, 2023, PREPA filed a document titled *Motion to Submit the Puerto Rico Electric Power Authority's Updated Employee Roster in Compliance with the June 9 2023 Bench Order* with the Energy Bureau and answered the first of the June 9 Bench Orders. Furthermore, since the June 9 Technical Conference PREPA's officials from the legal, finance, environmental, human resources, hydroelectric, irrigation and other divisions have been working tirelessly exchanging information and documents to comply with the Energy Bureau's June 9 Bench Orders and subsequently provide responses to PREB's Third ROIs as included in the June 12 Order.

7. However, on June 15 2023 PREPA submitted a document titled *Request for Extension of Time to Submit Responses to the Energy Bureau's Bench Orders and Third Request for Information in Compliance with the June 12, 2023 Order* ("June 15 Motion").

² Proposed HydroCo Budget and Proposed HoldCo Budget, (together, "PREPA's Proposed Budgets").

Through the June 15 Motion, PREPA requested until today June 21, 2023, to submit responses to the June 9 Bench Orders and the June 12 Order.

8. PREPA herein submits to the Energy Bureau the responses to the June 9 Bench Orders as Exhibit A. Furthermore, PREPA's submits its responses to the Energy Bureau's Third Request for Information in compliance with the June 12 Order as Exhibit B. The supporting information to Exhibits A and B can be found in the following sharefile link:

[0157-20230621- Responses to PREB's June 9 and June 12 2023 Orders](#)

WHEREFORE, PREPA respectfully requests the Energy Bureau to **NOTE** the above, **ACCEPT** the responses included in Exhibits A and B with the corresponding supporting documentation³, and **FIND** PREPA in compliance with the outstanding June 9 Bench Orders and the June 12 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of June 2023.

/s Maralíz Vázquez-Marrero
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/s Joannely Marrero-Cruz
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³ PREPA is submitting as supporting information to Exhibit B ROI #9.f a confidential document subject to attorney work product privilege. In compliance with the Energy Bureau's Policy on Management of Confidential Information as established in case CEPR-MI-2016-0009 dated August 31, 2016, PREPA will submit a Memorandum of Law in Support of Confidentiality Request on or before the next ten (10) days.

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CERTIFICATE OF SERVICE

It is hereby certified that, on this same date, I have filed the above motion with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and a courtesy copy of the filing was sent to LUMA through its legal representatives at margarita.mercado@us.dlapiper.com and laura.rozas@us.dlapiper.com and to Genera-PR, LLC through its legal representatives jfr@sbgblaw.com; alopez@sbgblaw.com; legal@genera-pr.com; regulatory@genera-pr.com.

In San Juan, Puerto Rico, this 21st day of June 2023.

/s Joannely Marrero-Cruz
Joannely Marrero Cruz

Exhibit A



GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

EXHIBIT A

PREPA'S RESPONSES TO PREB'S JUNE 9 BENCH ORDERS

1. List including description of the services included under each contract with correlation to the proposed budget amounts, of and copies of contracts for:
 - a. External professional services
 - b. Outsourced services
 - c. External auditors
 - d. Regulation
 - e. Environmental
 - f. OME and
 - g. Other NME

Also, explain expectation of decrease of money allocated for the contracts and expected timeline for decrease. Include if it's only signed contracts or expectations to execute new contracts.

Response:

Please refer to sharefile document titled PREPA HydroCo FY24 Budget Contracts.xlsx and PREPA HoldCo FY24 Budget Contracts.xlsx, as well as files containing copies of the Contracts.

2. Scope of Siemens contract, amount, and the description of services needed from Siemens after July 1, 2023.

Response:

Please refer to the response to ROI # 8 of the June 12 Order in Exhibit B.

3. Copy of Security Report referenced during the June 9 2023 Technical Conference.

Response:

Copy of Security Report referenced during the June 9 2023 Technical Conference can be found in sharefile.



Exhibit B



GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

EXHIBIT B

PREPA'S RESPONSES TO PREB'S THIRD REQUEST OF INFORMATION

1. Reference: Consolidated HoldCo - Area Tab:

a. Row 11 of the Consolidated HoldCo - Area Tab shows a total of 82 positions while the Roster tab shows 119 positions. It was explained at the Technical Conference held on June 9, 2023 ("Technical Conference") that the difference is due to the non-inclusion of Pension Administration Employees in the 82 positions.

Explain why the Pension Administration employees are not included in the 82 positions and from which budget line the Pension Administration employees are paid.

Response: PREPA refers the PREB to its updated budget and roster submitted on June 16, 2023, which addresses the matter highlighted.

b. Is the \$0.419 M listed in Column H for the PREPA Board of Directors in Row 10 expected to change in FY 2024?

Response: Currently, PREPA has 3 administrative positions in the office of the Governing Board. However, in the organizational structure that was approved as part of PREPA's reorganization, only two positions were maintained. At this moment, PREPA does not know which employees will remain in the new structure, but according to the roster submitted on June 16, 2023, only two would remain.

c. What other expenses are included in the FY 2024 Budget for activities or expenses of the PREPA Board of Directors?

Response: The FY 2024 Budget includes other expenses for the Board of Directors, including: \$9,331, Materials & Supplies; \$6,178, Transportation, Per Diem, and Mileage; and an allocation for Utilities & Rents.

d. What Pension Benefits are referenced for the categories in Rows 4 - 10 in Column E?



Response: Amounts presented in this column are for Pension and Other Benefits to PREPA employees, which include the employer pension contribution to the PREPA Employee Retirement System, payroll taxes for Social Security and Medicaid of 7.65% of employee compensation, worker's compensation insurance premiums paid to the state fund, employee Christmas bonuses of \$600 per employee, and Health Plan

e. What Overtime Benefits are referenced for the categories in Rows 4 - 10 in Column G?

Response: Overtime Benefits refer to the required employer payment of payroll taxes for Social Security and Medicaid of 7.65% of overtime compensation and worker's compensation insurance premiums to the state fund. These benefit payments are compulsory payments to government entities.

f. The Puerto Rico Electric Power Authority Act No. 83, as amended, Section 4. - Governing Board, (a) states: "Board members shall receive for their services the compensation determined unanimously by the Board. If unanimity cannot be reached, then the Governor shall determine the compensation of the members. Such compensation shall be comparable to that earned by Board Members in energy utility companies of similar size, complexity, and risks as the Authority, taking into account the nature of the Authority as a public corporation of the Government of Puerto Rico and, in any case, that is sufficient to attract qualified candidates."

g. What energy utility companies were used in this comparison? Explain the applicability with respect to size, complexity and risks.

Response: Section 4 of Act 83, of May 12, 1941, as amended, stated: "Board members shall receive for their services the compensation determined unanimously by the Board. If unanimity cannot be reached, then the Governor shall determine the compensation of the members. Such compensation shall be comparable to that earned by Board members in energy utility companies of similar size, complexity, and risks as the Authority, taking into account the nature of the Authority as a public corporation of the Government of Puerto Rico and, in any case, that is sufficient to attract qualified candidate. Notwithstanding the foregoing, the members of the Board who are employees of the Government of Puerto Rico shall not receive any compensation whatsoever for their services, only a reimbursement for their expenses. To receive reimbursements for their expenses, each member of the Board shall submit a document evincing the meeting, task, or expense for which the reimbursement is requested, and the purpose of such meeting, task, or expense."

The compensation currently received by the members of the Board, who are not employees of the Government of Puerto Rico, was approved by the then Governor of

Puerto Rico, on December 28, 2016, and has not been changed. Enclosed is copy of the Governor's letter and Resolution 4458 approved by the Governing Board.

We don't have in the Board's file any analysis or benchmark in support of the governor's determination. However, the amounts are well below what is paid to board members of the energy industry.

i. Explain why it is deemed necessary for a Board Director to accrue pension benefits as reflected in Cell E1O.

Response: PREPA Governing Board does not accrue pension benefits unlike career/regular employees. The amounts listed for pension benefits refers to the PREPA employees that support the Governing Board functions.

ii. Explain why it is deemed necessary for a Board Director to be paid overtime and accrue benefits on top of that overtime as reflected in Cells F1O and G1O respectively.

Response: PREPA Governing Board is not paid overtime benefits or accrued benefits for this concept. The amounts listed for overtime and benefits refer to the PREPA employees that support the Governing Board functions.

2. Reference: FY24 HoldCo Tab:

a. What HoldCo responsibilities do the Legal Services include?

Response:

As will be explained in detail below, PREPA will maintain legal responsibilities and thus the need of legal services for HydroCo, HoldCo and Property Co as well as all legal matters that are not within the scope of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement dated as of January 24, 2023 ("LG OMA") signed with Genera-PR or within the scope of the Operation and Maintenance of the Transmission and Distribution System ("T&D OMA") executed on June 22, 2020 with LUMA.

More specifically, PREPA maintains responsibility for all existing litigation related to the Transmission and Distribution system, including all legacy litigation and or cases or legal matters for events that transpired before LUMA's Service Commencement date on June 1, 2021. Even with this role, it has been PREPA's experience that if a plaintiff sues both PREPA and LUMA for post-Service Commencement Date events, PREPA has had to include independent legal defense, not covered by LUMA.

Additionally, PREPA maintains all legal responsibility related to Title III legal work which includes all pre-petition claims reconciliation processes, PREPA labor claims, execution, implementation and management of contracts, execution and filing of any condemnation

proceeding for LUMA. Also, legal responsibilities and accountability towards government regulatory entities including the Puerto Rico's Comptroller's Office, the Office of the Inspector General, the Puerto Rico Legislature, compliance matters related to the Environmental Protection Agency ("EPA") and the Federal Emergency Management Agency ("FEMA"), as well as any requirements the Puerto Rico Energy Bureau related to the Tranche 1 renewable energy RFP and any other requirements related to renewable energy procurement given that it is not included as part of LG OMA contemplated services. Finally, PREPA will also maintain the responsibility for tax and securities law related advice as it relates to the Legacy Generation Assets, among others.

- **T&D OMA**

In regard to the T&D OMA Section 5.12 states that:

Legal Matters. Operator shall manage Owner's legal matters in respect of the O&M Services, other than with respect to any dispute with, or other legal matters involving, Operator pursuant to this Agreement, and Owner's related reporting obligations, including those services listed in Annex I (*Scope of Services*). In performing this Agreement, nothing shall require, or shall be construed as requiring, Operator to act as legal counsel to, or to provide legal advice or representation to, Owner.

Annex I(H) related to legal services states:

Legal Services. Operator shall be responsible for (1) day-to-day legal responsibilities relating to the O&M Services, in coordination with Owner and Administrator in accordance with processes set forth in this Annex I (*Scope of Services*), and (2) preparing, presenting, defending current or future Integrated Resource Plan, rate cases, or other regulatory or legal matters as they relate to the Agreement, as the Owner's representative before the PREB and any other local, state or federal government agencies, as well as preparing, presenting, and defending any non-compliance with local legislative requirements such as energy efficiency mandates. In performing these services and any other services under this Agreement, nothing shall require, or shall be construed as requiring, Operator to act as legal counsel to, or to provide legal advice or representation to, Owner.

- **LG OMA**

Section 5.11 of the LG OMA related to Legal Matters states that:

[o]perator shall manage Owner's legal matters in respect of the O&M Services including in consultation with Administrator and Owner, the selection of outside counsel, other than with respect to any dispute with, or other legal matters involving, Operator and Owner pursuant to this Agreement (including for those services listed in Annex IX (*Scope of Services*)), and Owner's related reporting obligations. In performing this Agreement, nothing shall require, or shall be construed as requiring, Operator to act as legal counsel to, or to provide legal advice or representation to, Owner."

Additionally, Section 5.1 defines O&M Services as follows:

Services Generally. Commencing on the Service Commencement Date, and in exchange for Owner's payment to Operator of all amounts owing to Operator under this Agreement, Operator shall (i) provide management, operation, maintenance, repair, restoration, replacement and other related services for the Legacy Generation Assets, as well as any optimization (including fuel and efficiency) approved by PREB, in each case that are customary and appropriate, or as required by Applicable Law, including the services set forth in this Article 5 (*O&M Services*) and Annex IX (*Scope of Services*), and (ii) establish policies, programs and procedures with respect thereto, to the extent not already established in the Services Documentation (all such services, the "O&M Services"), in each case, in accordance with the Contract Standards and Applicable Law. It is the Parties' intent that except for the rights and responsibilities reserved to Owner and Administrator as set forth in Article 6 (*Rights and Responsibilities of Owner and Administrator*) or as may otherwise be expressly provided in this Agreement, Operator shall (A) be entitled to exercise all of the rights and perform the responsibilities of Owner in providing the O&M Services, and (B) have the autonomy and responsibility to operate and maintain the Legacy Generation Assets and establish the related plans, policies, procedures and programs with respect thereto as provided in this Agreement. In providing such O&M Services, Operator must comply with all requirements of Applicable Law, including the requirements of the Consent Decree.

Further, Annex IX (H) defines legal services as follows:

Legal Services. Operator shall be responsible for (1) day-to-day legal responsibilities relating to the O&M Services, Decommissioning Services and Demobilization Services, in coordination with Owner and Administrator in accordance with processes set forth in this Annex IX (*Scope of Services*); (2) management of the Existing Litigation and any claims, lawsuits, litigation or similar proceedings arising from and after the Service Commencement Date, (3) collaborating with the T&D Operator to prepare, present, and defend current or future rate cases or other regulatory or legal matters as they relate to the Agreement, as well as preparing, presenting, and defending any non-compliance with local legislative requirements. In performing these services and any other services under this Agreement, nothing shall require, or shall be construed as requiring, Operator to act as legal counsel to, or to provide legal advice or representation to, Owner. For the avoidance of doubt, the responsibility for tax and securities law related advice as it relates to the Legacy Generation Assets will remain with Owner and Owner will continue to retain its own advisors to provide such services.

The definition of Existing Litigation pursuant to the LG OMA is as follows:

"Existing Litigation" means any legal claims involving or affecting the Legacy Generation Assets and/or the Generations Sites, or the Owner as they relate to the Legacy Generation Assets and/or the Generation Sites, in each case which are pending or threatened in writing as of the Service Commencement Date.

Pursuant to the above, Genera will **only** be responsible for all future day-to-day legal responsibilities related to the Legacy Generation Assets and/or the Generation Sites, and

management of Existing Litigation **related to** the Legacy Generation Assets and/or the Generation Sites. Given the specificity of the Genera's role related only to the Legacy Generation Assets and/or the Generation Sites as defined in the LG OMA all other pending legal matters as described above remain with HoldCo.

b. What HoldCo responsibilities do the Professional and Outsourced Services include?

Response:

Please refer to Exhibit A document titled PREPA Holdco FY24 Budget Contracts, which includes the contract list, and description of services for Professional and Outsourced Services.

c. What HoldCo responsibilities do the External Audit Services include?

Response:

Please refer to Exhibit A document titled PREPA Holdco FY24 Budget Contracts, which includes the contract list, and description of services for External Audit Services.

d. What HoldCo responsibilities do the Regulation and Environmental Expenses include?

Response:

Please refer to Exhibit A document titled PREPA Holdco FY24 Budget Contracts, which includes the contract list, and description of services for Regulation and Environmental Expenses.

e. What HoldCo responsibilities do the Equipment, Inspections, Repair & Other O&M include?

Response:

Please refer to Exhibit A document titled PREPA Holdco FY24 Budget Contracts, which includes the contract list, and description of services for Equipment, Inspections, Repair & Other O&M

f. Is the level of Retiree Medical Benefits subject to change?

Response: Despite all contracts being held with Triple-M as the administrator, Retiree Medical Benefits are procured and provided to participants under a separate contract from Active Employee Health Benefits and are not structurally the same benefits. The Retiree Medical Benefits fall into two categories, benefits for retirees under 65 and benefits for retirees 65 and older that are eligible for Medicare.

The Under 65 plan is a bridge for retirees not yet eligible for Medicare, providing

coverage for medical services for the retiree and their spouse. Medical services include, but are not limited to, medical-surgical, hospital, mental health, controlled substance abuse, pharmacy, major expenses and dental services. The under 65 group is one that continues to grow, since mobile employees who retire with 30 years of service from PREPA's Retirement System are entitled to enter PREPA's retiree plan.

The 65 & Over plan is a Medicare Advantage Fee Contract Medical plan for retirees over 65 eligible for Medicare, providing coverage for medical services for the retiree and their spouse. Medical services include, but are not limited to, medical-surgical, hospital, mental health, controlled substance abuse, pharmacy, major expenses, and dental services. The 65 & older group continues to grow by group of minor retirees.

Both groups of Retiree Medical Benefits are subject to change depending on the number of retirees and the required/determined benefits.

i. Describe in detail the Retiree Medical Benefits?

Response: PREPA provides postretirement medical benefits outside of the PREPA ERS (i.e., not paid from pension trust). The eligibility for receiving medical benefits is 30 years of service. Currently, PREPA provides medical coverage for retirees through a contract with Triple-M. This benefit does not have an asset reserve or investments to support funding, and therefore this benefit is fully funded through annual operating expenses. There are approximately 8,400 retirees that receive the OPEB medical benefit.

ii. Are the Retiree Medical Benefits the same as Employee Health Benefits and subject to any changes implemented in Employee Health Benefits?

Response: As mentioned above in 2.f., Retiree Medical Benefits are procured and provided to participants under separate contracts from Active Employee Health Benefits and are not structurally the same benefits.

In 2018, in preparation for the approval of the proposed contract for the administration of the healthcare plans for PREPA's active and retired employees for the 2019 calendar year, PREPA prepared a Request for Proposal (RFP). Consistent with the RFP, the proposed contract with Triple S Salud was implemented starting on January 1, 2019.

The contract reformed PREPA's healthcare plans to: (a) achieve the savings called for under the FOMB approved budget for FY19 certified Fiscal Plan; (b) be consistent comply with central government medical benefits policy; (c) optimize key healthcare coverage and access by employees (active and retired); (d) minimize, as much as reasonable and practical, the economic impact to employees; (e) align PREPA's healthcare plan generally with other competitive public corporations and private sector market plans; and (f) combine the administration of both active employee and retiree healthcare plans under a single administrator.

As noted in 2.f.i, Active Employee Health Benefits have since contracted with Triple-M, but continue to maintain a separate and different contract from the Retiree Medical Benefits.

- iii. Are PREPA's Retirement System responsibilities set forth in statute? Please identify. If not, where are they set forth?

Response: The PREPA Employees' Retirement System was initially created through Resolution 200 of PREPA's Governing Board in accordance with the terms of a Collective Bargaining Agreement executed in 1942 between the Puerto Rico Electrical Industry and Irrigation Workers Union (UTIER) and the Water Resources Authority, now known as PREPA. PREPA's Governing Board adopted the resolution establishing the PREPA ERS as of July 1, 1945. Through the years, the PREPA ERS expanded its scope to cover other PREPA employees. Since its inception, the PREPA ERS has been governed by its bylaws, as amended, which are contractual in nature, known as the "Electric Power Authority Employee Retirement System Regulations."

- iv. Has a Benefit Cost Analysis been performed with respect to contracting Retirement System Responsibilities to a private firm?

Response:

PREPA has not performed such an analysis. The PREPA retirement system administrator does outsource key functions to third parties, but PREPA is not aware of any assessment of costs for outsourcing the entire operation.

- g. Provide details of the specific facilities and respective costs for which Security is allocated.

Response:

Please refer to the tab 'Corp Resp_627', which outlines PREPA's security contract and allocates costs to HoldCo based on historical spend. It is estimated that HoldCo pays 20.0% of total Security services provided to GenCo, HoldCo, and HydroCo, which are proposed to be \$4.3 million higher in HY24 as compared to the FY23 Certified amount (\$13.3 million vs. \$9.0 million). Refer to Explicative Memorandum from PREPA's Corporate Security Office submitted with PREPA's prior ROI response (Exhibit 4).

- 3. Reference: Roster tab:

- a. Fully explain the specific responsibilities of each of the Org Chart Categories listed in Column J.

Response:

- Account Payable – responsible for accurately processing and managing the company's financial obligations to suppliers and vendors, including invoice processing, payment processing, vendor management, reconciliation, recordkeeping, and compliance.
- Account Property – responsible for overseeing and managing the organization's properties or assets, which may involve tasks such as maintaining property records, coordinating maintenance and repairs, handling lease agreements and tenant relations (if applicable), conducting property inspections, monitoring property performance, and ensuring compliance with relevant regulations and policies.
- Admin and Document Control – Responsible for administering the Document Management Program in AEE in accordance with Act. No. 5 of 1955.
- COE – [Spanish acronym for “Centro de Operaciones de Emergencia” (Emergency Operations Center)] Responsible for PREPA's Emergency Management and Disaster Administration program in coordination with state and federal agencies as well as contractors, to safeguard life, property and continuity of services in emergency situations.
- Controller – responsible for overseeing the financial operations of an organization, including financial reporting, budgeting, internal controls, and compliance.
- Corporate Communication Office – responsible for developing and implementing effective communication strategies and initiatives that promote and protect the organization's reputation, both internally and externally.
- Disbursement – responsible for management and facilitation of the timely and accurate disbursement of funds within an organization.
- Finance – responsible for management of the financial aspects of the organization, involving budgeting, financial planning and analysis, financial reporting, cash flow management, risk assessment and management, and providing strategic financial guidance to support decision-making
- FPA Analyst – responsible for supporting the financial planning and analysis functions of an organization, involving preparing financial forecasts and budgets, conducting variance analysis, analyzing financial data and trends, creating financial models and reports, and providing insights and recommendations to support decision-making.
- Health Care – Responsible for managing the Health Benefit Programs (Medical Plans) and contributions from employees, retirees, and their eligible family group in compliance with the approved budget and the different state and federal laws that regulate health.
- Human Resources – responsible for the people-related aspects of the organization, involving tasks such as recruitment and selection, employee onboarding, performance management, employee relations, training and development, compensation and benefits administration, policy development and implementation, and compliance with employment laws and regulations.
- HydroCo Services/Vehicle/Prop – here are several sections that provide direct services to the Water Administration Area that will transition to HydroCo. These services are provided by four sections or departments:

- Safety and Security – Under Security, this section is responsible for safeguarding the organization's assets, people, and information from potential threats and risks, including tasks such as assessing security risks, developing and implementing security policies and procedures, conducting security audits and assessments, and implementing security measures and controls. The Safety staff is in charge of compliance with workers safety laws and regulations, including without limitation OSHA and Fire Safety rules and EHS Coordination, in addition to provide trainings, safety assessments, workers emergency situations management, and reporting, among others.
- Cost Control – this section is responsible for supporting the Water Administration's cost control functions, like preparation and closing of projects construction estimates, operational and NME budget preparation and management, user goods and services procurement accounts management, user expenses and budget reporting, and purchasing orders and bids coordination, among others.
- Transportation Management – this section is responsible for the Vehicle Fleet Management of the Water Administration. This section oversees the procurement, operation, maintenance, and retirement of vehicles in this administration, including oversight of the fleet maintenance contracts, fuel procurement and control, and other related and required functions.
- Warehouse Management – This section is responsible for the procurement of goods and services and contract management needed for the operations and maintenance of the hydroelectric power plants and the irrigation systems, dams, and reservoirs. In addition, this section is responsible of maintaining a continuous and adequate inventory of equipment, parts, and materials needed by the operational areas of the Water Administration.
- IT/OT – responsible for the management and support of the technology infrastructure and systems within the organization, including tasks such as network administration, hardware and software management, user support and troubleshooting, data management and security, system maintenance and upgrades, and implementation of IT policies and procedures.
- Governing Board –responsible for providing oversight, strategic direction, and decision-making for PREPA, including governance and policy development, strategic planning, financial oversight, executive oversight and evaluation, risk management and compliance, and stakeholder engagement.
- Legal Affairs – responsible for legal support and guidance of the organization, including tasks such as drafting and reviewing contracts, agreements, and legal documents, conducting legal research, assessing legal risks and implications, providing legal advice to stakeholders, and ensuring compliance with laws and regulations.
- Executive Director Office – responsible for overall leadership and management, stakeholder relations, organizational performance and efficiency,

financial management and planning, regulatory compliance, emergency preparedness and response, board and executive management support, public relations and communications, human resources and employee relations, long-term planning and infrastructure development.

- Operations Area – Currently, this area covers the Generation Directorate (thermal generation assets, hydroelectric generation assets, irrigation systems, dams, reservoirs, the Engineering and Technical Services Division, Electrical Maintenance Department, and the Electrical System Training Center), the Environmental Protection Division, the Disaster Funds Management Office (DFMO), the regulatory area (affairs related to PREB, FOMB, Legislature, Comptroller's Office, and the State and Federal General Inspector Office, among others), and the planning and contract management area (necessary maintenance expenses [NME] projects and their priorities, construction estimates, NME funds transfer, and technical support consultants management, among others). Upon the transition of the thermal generation assets to GenCo to be managed by Genera PR and the subsequent transition of the water assets to HydroCo and the remainder assets to PropertyCo (other than the transmission and distribution assets part of GridCo that LUMA operates), the Operations Area will transition to be an area called Asset Management and Regulatory that will be composed of the following offices:

- DFMO – responsible for the management of federal funds, including federal grants management, federally funded project formulation, claims process, reporting, and audits, among others. Currently, this office works with federal funds related to the disasters of Hurricanes Irma and María, the Earthquakes, COVID-19 pandemic, and Hurricane Fiona. In addition, this office works with gathering information, documents and data needed to respond to any requirement received from FEMA or other federal agency regarding federal funds already received by PREPA due to any past disaster.
- Environmental Protection – responsible for development and implementation of strategies and initiatives that support environmental compliance within the organization. This office is responsible for PREPA's compliance with environmental laws and regulations issued by EPA, DNER and any other governmental entity with jurisdiction, including without limitation the Clean Air Act, Clean Water Act, and solid waste management. In addition, this office is in charge of undertaking all actions needed for environmental permits requests and to comply with the Bonus Power Plant maintenance requirements, the Consent Decree with the federal Department of Justice, and the environmental super funds, among others. Furthermore, this office supports the DFMO in the environmental compliance matters required by FEMA and the Federal Government during federally funded projects formulation and the projects development.
- Project Management Office (PMO) – responsible for project governance, portfolio management, project planning and execution

support, performance monitoring and reporting, and training and development. This office has three sections or departments:

- Project Management – this section is responsible for supporting functions of project management and development, including without limitation the preparation of technical specifications, request for proposals documents and evaluation, projects justifications, and projects oversight. In addition, this section is responsible for the procurement of consultants or contractors for conducting electric utility engineering and design functions, specially related to the hydroelectric and water assets. Furthermore, this section shall provide technical support to the DFMO, especially during projects' formulation and development.
- Procurement Management – responsible for managing the sourcing and acquisition of goods, services, and materials needed by the organization, including tasks such as identifying supplier requirements, conducting market research, negotiating contracts and pricing, evaluating supplier performance, and maintaining vendor relationships.
- Planning and Contract Management – this section is responsible for preparing the program or plan of the necessary maintenance expenses (NME) projects and their priorities, in coordination with the operational areas (HydroCo and PropertyCo) and the Finance Directorate. In addition, is responsible of evaluating construction estimates approval requests from the operational areas and submit them for the approval of the Finance Directorate, of evaluating and recommending NME funds transfer, and of providing technical support through consultants' management, among others. This section provides technical planning support to the Regulatory Office, the DFMO and the Project Management section.
- Regulatory Office – responsible for compliance with applicable laws, regulations, and industry standards within the organization, including tasks such as monitoring regulatory developments, assessing the impact of regulations on the organization, developing compliance policies and procedures, and implementing compliance programs. This office is in charge of executing actions to provide technical and expert support for PREPA's compliance with PREB, FOMB, Legislature, Comptroller's Office, OSHA, the State and Federal General Inspector Office, USA Congress, and the federal Department of Energy, among others. Furthermore, this office is responsible for all renewable energy integration matters.
- Payroll – responsible for overseeing and managing the organization's payroll processes, including tasks such as calculating employee wages, salaries, bonuses, and deductions, ensuring accurate and timely processing of payroll, maintaining payroll records, and addressing payroll-related inquiries.

- Employees Retirement System Management Office – responsible for the management and administration of the retirement system for PREPA employees, including retirement plan administration, benefit determination and payments, member services, contribution management, and compliance and reporting

b. Explain the specific responsibilities of the employees listed at Rows 128 and 129

Response:

The employees listed in Rows 128 and 129 concerning PropertyCo will have the responsibility of visiting the sites, taking care of the properties, coordinating the necessary services and keeping the properties in optimal condition for their eventual sale or rent.

c. Are there any other employees included with PROPERTY CO/HydroCo? If so, what are their responsibilities and salaries?

Response:

There are not any other employees included with PropertyCo/HydroCo.

d. Identify the positions classified as management positions.

Response:

Please refer to sharefile Response to ROI # 3d.

4. Reference: NME Tab requesting a budget allocation of \$2.7 M.

a. What Facilities Maintenance is being referred to at Row 8 in the amount of \$1M? Describe the individual facilities, and for each, explain the need for NME and its component cost.

Response: Included is a list of the 82 properties for which a budget is being requested, both for their maintenance and operation (1.95M), as well as for improvements.

Id	Building Name / Land	Municipality	Address	Capacity / Meters
2	Solar Santa Rita, Río Piedras	San Juan	Urb. Santa Rita, Calle Santa Inés y Ave. Julián Blanco	2,471.22
17	Solar Finca Avenida Iturregui	Carolina	Avenida Iturregui, Bo. Sabana Abajo (Al lado del Cuartel de la Policía)	20,438.02
21	Solar Contiguo Antigua Oficina Comercial de Aguadilla	Aguadilla	Calle José De Diego # 95	560.06
24	Antigua Oficina Comercial Comerío	Comerío	Calle Santiago Palmer # 20 Int. Muñoz Rivera	279.33
25	Solar Estacionamiento Oficina Comercial Barranquitas (Lote B)	Barranquitas	Calle Padre Berrios # 2 Int. Calle Muñoz Rivera	241.71
31	Oficina Local Peñuelas	Peñuelas	Calle Pedro Velázquez Edificio Comercial Aurora Bo. Pueblo, Peñuelas Local 10	816.00
36	Solar vacío casco urbano de Jayuya	Jayuya	Calle Nemesio R. Canales	212.2527
43	Antigua Oficina Comercial de Río Piedras	San Juan	Avenida Ponce De León, Río Piedras	906.57

48	Solar Contiguo Subestación Tres Monjitas # 1414, Río Piedras	San Juan	Calle Teniente César González, Hato Rey	275.93
49	Local Toa Baja Servicios Técnicos	Toa Baja	Carretera Estatal # 854 (Calle Muñoz Rivera # 2)	.1838 cuerdas
71	Solares Adyacentes Subestación Ojo de Agua # 7002	Aguadilla	Solares entre calles Barbosa, Mango y José de Diego	382.89
110	Solar Futura Subestación Santurce # 1132	San Juan	Calle Bartolome de Las Casas Int. Ave. Rexach, Bo. Obrero, Santurce	703.27
111	Solar Futura Subestación Santurce # 1132	San Juan	Calle Lima Int. Ave. Rexach, Bo. Obrero, Santurce	412.14
112	Solar Futura Subestación Villa Blanca # 3003	Caguas	Carretera # 1, km. 33.33, Bo. Bairoa	1,050.00
131	Solar para Estacionamiento, Cayey Pueblo	Cayey	Calle Baldorioty Int. Calle Corchado, Bo. Hoyo	1,799.33
134	Oficina Regional y Comercial Subestación Bayamón Pueblo # 1701 y # 1715	Bayamón	Carretera Estatal # 167 Calle Dr. Ferrer, Bo. Pueblo	18,461.85
179	Finca Tortuguero	Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	496,089.80
180		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	135,326.80
181		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	1,140,309.15
182		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	48,747.72
183		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	
184		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	3,493.77
185		Manatí	Carretera Estatal # 686 Km. 2.5, Bo. Tierras Nuevas Salientes	
246	Antigua Oficina Comercial de Arecibo	Arecibo	Calle Cristóbal Colón Int. Calle Eugenio María De Hostos # 154 Arecibo Pueblo.	705.86
257	Oficina Local Villalba	Villalba	Calle Barceló Pueblo de Villalba, Bo. Villalba Arriba	309.74
259	Antigua Central Nuclear y Museo, BONUS	Rincón	Carretera # 4413	
280	Estacionamiento Oficina Comercial de Caguas Norte	Caguas	Carretera # 1, Entrada al Pueblo de Caguas, Bo. Bairoa	674.93
287	Comercial Barranquitas (Lote A)	Barranquitas	Calle Muñoz Rivera Intersección Calle Padre Berrios	294.97

29 1	Oficina Local Comercial de Ciales	Ciales	Calle Corchado Pueblo de Ciales	148.60
29 2	Oficina Comercial de Caguas (Solar y Estructura)	Caguas	Carretera # 1, Entrada al pueblo de Caguas, Bo. Bairoa	1,784.60
29 5	Edificio Local Comercial y Subestación Cabo Rojo Urbano # 6703 (Ver PP3192)	Cabo Rojo	Carretera # 311 Km. 0.1, Bo. Bajura	1,736.72
29 6	Oficina Local Camuy	Camuy	Carretera # 485 Km. 0 Hm. 4.5, Barrio Pueblo	570.72
33 0	Oficina Local Comercial de Las Piedras	Las Piedras	Carretera Estatal # 183 Km. 21 Hm 5, Bo. Montones	705.13
33 1	Oficina Local Comercial Las Marías	Las Marías	Urb. Francisco Serrano, Número 17, Calle Santa Ana, Bo. Las Marías	664.20
33 6	Solar Estacionamiento Edificio del Valle, Santurce	San Juan	Calle Condado # 6089 Int. Calle Benito Alonso, Santurce	185.85
34 0	Solar Estacionamiento Edificio del Valle, Santurce	San Juan	Calle Condado # 608 Int. Calle Benito Alonso, Santurce	147.18
34 2	Solar Estacionamiento Edificio del Valle, Santurce	San Juan	Calle Condado # 608 Int. Calle Benito Alonso, Santurce	331.23
36 3	Teatro Ambassador, Edificio del Valle y Estacionamiento, Santurce	San Juan	Calle Condado # 608 Int. Calle Benito Alonso, Santurce	3,460.19
36 6	Oficina Local Comercial de Barceloneta	Barceloneta	Carretera # 681 Urb. Catalana # 98, Bo. Pueblo	353.57
36 7	Antigua Comercial Rincón	Rincón	Calle Muñoz Rivera #115, Bo. Pueblo	331.19
37 0	Solar Futura Oficina Local Hormigueros	Hormigueros	Carretera # 103 Km. 1.9	1,537.42
37 1	Oficina Local de Maunabo	Maunabo	Urb. Villa Navarra Calle # 2 Esquina Calle A	693.96
37 3	La Casita, Servicios Generales	San Juan	Calle Benito Alonso, Santurce	390.49
37 4	Solar Estacionamiento Vehículos Oficiales, Santurce	San Juan	Avenida Fernández Juncos Int. Calle Condado	1,543.30
37 5	Solar Urbanización Rossy, Bo. Machos	Ceiba	# 556 Calle Julián Rivera	365.44
37 7	Solar Emérito Estrada	San Juan	Avenida Kennedy	11,239.24
38 8	Solar Antigua Subestación Bajadero	Arecibo	Carretera # 2 Int Carretera # 638, Bo. Domingo Ruiz, Sector Bajadero	995.17

390	Antigua Oficina de Riego	Aguadilla	Carretera # 468	2,200.00
393	Solar Bo. Galateo	Toa Alta	Carretera # 165, Bo. Galateo	45,550.53
394	Solar Calle Archilla (Antigua Subestación)	Utua	Calle Archilla, Bo. Vivi Abajo	1,006.90
396	Antigua Oficina Local de Aguas Buenas (PP3051)	Aguas Buenas	Aguas Buenas Int. Carretera #156 y # 794	
400	Antigua Comercial Salinas	Salinas	Calle San Miguel Antes, Calle Victoria Mateo Hoy	408.13
410	Oficina Local Comercial Moca	Moca	Calle Barbosa	521.66
412	Solar Futura Comercial Toa Alta	Toa Alta	Calle Muñoz Rivera # 42 Int. Calle Cuba	397.45
413	Técnica de Corozal	Corozal	Carretera # 159 Km. 19.5	1,599.70
490	Planta Nuclear Costa Norte (Solar # 1)	Arecibo	Bo. Islote, Sucn. León Rojas	16249.0415
491	Planta Nuclear Costa Norte (Solar # 3)	Arecibo	Bo. Islote, Sucn. León Rojas	9405.436
493	Planta Nuclear Costa Norte (Solar # 13D)	Arecibo	Bo. Islote, Antonio Ediberto Ríos (2 Lotes)	1415.33
494	Planta Nuclear Costa Norte (Solar # 41)	Arecibo	Bo. Islote, Sucn. Lillian Zavala y Daniel González Otero	3906.813
495	Planta Nuclear Costa Norte (Solar # 42)	Arecibo	Bo. Islote, María Simona Reyes Ríos	
525	Solar Contiguo Central Palo Seco	Cataño	Marginal Carretera 165 Km. 27.0 y Marginal #888, Cataño	
	Planta Nuclear Costa Norte (Solar # 40)	Arecibo	Bo. Islote, Sucn. León Morales	491.2994
559	Solar Yaucono I, Santurce	San Juan	Avenida Fernández Juncos # 1103	2,736.63
560	Solar Yaucono II, Santurce	San Juan	Avenida Fernández Juncos Int. Calle San Juan	
564	Solar Antigua Subestación Corona #1108, Santurce	San Juan	Entre la calle Las Palmas y Calle Progreso, Santurce	
565	Solar Futura Comercial Salinas	Salinas	Carretera # 3, Km. 157.1, Bo. Coquí (Al lado del Colegio Perpetuo Socorro)	675.00
570	Solar Monte Primavera - A	Cidra	Urbanización Monte Primavera Carretera # 787 Km. 3.9 (Lote 34)	1,480.18
571	Solar Monte Primavera - B	CIDRA	Urbanización Monte Primavera Carretera # 787 Km. 3.9 (Lote 35)	2,086.84

57 2	Solar Monte Primavera - C	CIDRA	Urbanización Monte Primavera Carretera # 787 Km. 3.9 (Lote 36)	1,331.75
57 4	Solar Bo. Ortiz	Toa Alta	Carretera # 167 Km. 9.5, Bo. Ortiz	3,480.44
58 2	Solar Futura Subestación Las Cavernas	Lares	Carretera Estatal # 129 Km. 20.5, Bo. Callejones	12,577.26
58 6	Solar Futura Subestación Bo. Yeguada	Camuy	Carretera # 2 Km. 96.0 Int.	2,773.28
58 7	Finca Puberte, Bo. Quebrada del Agua	Peñuelas	Carretera # 132, Bo. Canas	39,304.00
	Mizu Development	Bayamón	Urb. Las Quintas C/A PR -167 Bo. Buena Vista	17.08
	Área Planificación Especial y Reserva - Cucharillas	Cataño	PR-165 y PR-888 Barrio Palmas	7,201.00
	Área Planificación Especial y Reserva - Cucharillas	Cataño	PR-165 y PR-888 Barrio Palmas	7,201.00
	Sucn. Fenando Lucchetti	Guayanilla	PR - 127 Km. 6.6 Int. Bo. Quebrada	16.78.322 2
	Oficinas de Hidro Eléctricas e Hidro Gas Palo Seco (Antigua Comercial de Palo Seco)	TOA BAJA	Carretera # 165 Km. 30.5	
	Oficinas de Adiestramientos CASE	TOA BAJA	Carretera # 165 Km. 30.5	
	Oficina de Consevación Programada, Antigua Técnica de Puerto Nuevo	SAN JUAN	Calle Monterrey Int. Calle 28, Sector Bechara Puerto Nuevo	
	Oficina de Administración de Documentos (Micro-Firmación) y COE de PREPA	Guaynabo	Avenida Martínez Nadal, Carretera # 20, Km. 2.6, Bo. Frailes. Lado Oficina Técnica de Guaynabo (LUMA)	

b. What Other Property PREPA Security System is being referred to at Row 9 in the amount of \$0.298M?

Response:

See below illustrative chart with detailed information about PREPA Security system, including work, location and costs.

Work	Location	Costs
Installation of video surveillance camera and related equipment	Antigua Oficina Región Bayamón	\$12,000.00
Installation of video surveillance camera and related equipment	Antigua Técnica Corozal (Almacén Norte PREPA)	\$12,000.00
Installation of video surveillance camera and related equipment	Antiguo Edificio Conservación Programada (Bechara)	\$12,000.00
Installation of video surveillance camera and related equipment	Centro Operaciones de Emergencias (COE)	\$75,000.00

Installation Enterprise Platform/Monitoring and related equipment	Centro Monitoreo PREPA (Mini COVE)	\$175,000.00
Installation of video surveillance camera and related equipment	Planta BONUS Rincón	\$12,000.00
		\$298, 000.00

- i. Describe the security provided for individual properties, and for each, explain the need for NME and its component cost.

Response:

Refer to the response in item 4.b.

- c. What Vegetation Management Equipment is being referred to at Row 10 in the amount of \$0.2M?

Response:

This portion was labeled by inadvertence as vegetation management equipment, when in reality the funds requested respond to the need for fleet management.

- i. Describe where the Vegetation Management is being implemented, and for each specific property, explain the need for NME and its component cost.

Response:

Please refer to the response for 4 c.

- d. What NME is provided at Planta BONUS? Provide the agreement with the DOE as cited at the Technical Conference.

Response: The \$1.2 million request for Planta BONUS supports the painting of the dome with highly specialized paint and relocation of the Planta BONUS perimeter fence uphill to address environmental concerns as well as the creation of an associated wall to prevent the incursion of water into the facility.

Included in PREPA's response, please find a damage assessment after Hurricane Fiona as well as Planta BONUS specifications documents.

- i. Why is NME for Planta BONUS being retained by HoldCo rather than being transferred to Genera?

Response: NME for Planta BONUS is retained by HoldCo and not transferred to Genera as it was not contemplated in the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement dated January 24, 2023.

e. Has consideration been given to divesting the properties currently owned and being maintained by HoldCo?

Response: An amendment to the current procedure for declaring surplus properties is being presented to the Governing Board in order to begin the process.

5. Reference: Corp Resp_2023-24 Summary tab:

a. Fully explain what Vegetation Management Equipment is being requested at \$200k that supports the safe and reliable delivery of electricity to customers.

Response: PREPA understands that this request of information is addressed in ROI 4.C.

b. Describe what specific activities are included in the \$1.2M request for Planta BONUS.

Response: Please refer to PREPA's response to ROI 4.d.

i. Submit the Letter of Agreement (LOA) between the DOE Office of Legacy Management (LM) and PREPA for the use, maintenance, and control of the BONUS facility.

Response: Please refer to PREPA's response to ROI 4.c.

ii. DOE is the authorized custodian of the radioactive materials remaining at the BONUS site. Describe what specific BONUS activities and associated costs DOE is responsible for.

Response:

Although the BONUS reactor building and associated equipment is owned by PREPA, DOE retains title to radioactive materials within the facility. The U.S. Department of Energy Office of Legacy Management provides long-term surveillance and maintenance services for remediated DOE sites and other sites assigned to DOE to ensure that those sites remain protective of human health and the environment. Key components of these LTS&M services include stakeholder participation, site monitoring and maintenance, records information management, and research activities. For further information, please refer to the PREPA-DOE Agreement provided in connection with ROI 4.D.

- iii. Describe how the Planta BONUS in Rincón supports the safe and reliable delivery of electricity to customers.

Response: Planta BONUS does not generate electricity for customers. PREPA's long-term surveillance and maintenance program is the result of legal and regulatory obligations.

6. Reference: Tab KOE 260 & 300:

- a. Cell H136 specifies \$13,008 as proposed transportation expenses for PREPA's BOD during FY24. Cell H137 proposes \$25,015 for per diem and POV mileage.

Response: The PREB is not referencing figures relating to PREPA's Governing Board in its request of information, which are requested on Line 5. PREPA clarifies its request below.

PREPA's FY 2024 Budget request includes \$5,593 (KOE 260) for expenses related to the maintenance of a vehicle assigned to Governing Board, and shared with other administrative offices of PREPA. However, in KOE 300, PREPA should only include \$29.00.

- i. Explain what transportation expenses are.

Response: Please see PREPA's response to ROI 6.a.

- ii. Explain the need to have a paid Board Director receive per diem and POV mileage payments.

Response: Please see PREPA's response to ROI 6.a.

7. Reference: Tab KOE 500:

- a. Reconcile Row 11, requesting \$1.995 M for property maintenance with the NME proposed amount of \$2.6 M cited at the FY24_HoldCo Tab.

Response: The \$1.995 million requested is for the maintenance and operation of the 82 properties outline in ROI 4.a. The 2.6 million is for major improvements and equipment purchases.

- i. Are these expenditures redundant? Explain in detail.

Response: No, as explained in ROI 7.a, in one it is about keeping the properties as they are, in the NME it is about improving the existing properties so that they are suitable to either renting them or selling them according to the procedures in effect.

- ii. List the 80 properties proposed to be maintained and for each one specify the requested maintenance amount and describe how the specific property currently supports the safe and reliable delivery of electricity to customers.

Response: Please see PREPA's response to ROI 4.a.

b. With regard to OSHA Compliance cited at Row 12, requesting \$1 M.

- i. Explain what OSHA compliance is being referred to.

Response:

The training that had been requested for the budget was aimed at preparing the Safety Officials to offer courses required by OSHA, for this portion the only funds requested by the occupational safety office are \$6,100.00. The other portions requested in this line item include training with other government agencies including the Puerto Rico State Agency for Emergency and the Puerto Rico Human Resources Office as well as drivers' insurance for all PREPA employees required to drive as part of their functions in compliance with Act 428-1950, as amended.

- ii. Explain the need for some PPE and safety equipment, noting that most of the work is desk related now, rather than fieldwork.

Response:

Regarding Occupational Safety, the work is mixed between fieldwork and office work. Any time field work is required, even if it may be a reduced percentage of time, the use of personal protective equipment, PPE, is required by law and OSHA codes.

c. Reference Row 13, requesting \$710k.

- i. Are these requested funds intended to cover any compensation that Board Members receive?

Response: These funds are used for the payment of compensation to eligible members (usually five members of the eight). In addition, because the compensation is below what is paid in the electric industry, members who reside outside of Puerto Rico are reimbursed for the cost of travel, lodging, food and transportation when they come to the monthly meetings. These reimbursements are limited by guidelines approved by the Director of Finance. A copy of the guidelines is included in the response to ROI 1.f.

In the letter approving the compensation for the members of the Governing Board, the Governor also approved the reimbursement of expenses.

- ii. If yes, provide full explanation.

Response: Please refer to PREPA's response for ROI 7.c.i.

- iii. If not, explain the purpose of the funds.

Response: Please refer to PREPA's response for ROI 7.c.i.

- d. Reference Row 15, requesting \$442k for Towing Services.

- i. Describe this activity and explain why towing services are needed.

Response: These are not only towing services, it also include renewal of tags, "auto expresso" and vehicle annual inspections. This service is indispensable, as the renewal of license plates is required to travel on Puerto Rico roads. In addition, the towing service is being used for the transportation of vehicles declared surplus by Luma.

- ii. Explain the need for vehicles at HoldCo.

Response: The vehicles assigned to Holdco are used by the following divisions: General Services, IT/OT, Legal, Environmental, Human Resources, Executive Director, Corporate Security and Mechanics workshop.

- iii. How many and what type vehicles are currently owned, leased, operated or maintained by HoldCo.

Response: HoldCo operates with 48 vehicles and has transferred 290 of the vehicles declared surplus by Luma.

- e. Reference Row 16, requesting \$300k to support the RETIREMENT SYSTEM.

- i. What specific Retirement System functions are these services supporting?

Response: These are contracts with former employees who are now retired, to support PREPA Employee Retirement System in addressing the backlog of work, specifically in processing retirement applications.

- f. Reference Row 21, requesting \$200k to support the acquisition of software licenses for the ProWatch system employed at generation facilities.

- i. Security for the Thermal Generation Facilities (TGF) is expected to be a responsibility of GENERA. Explain the need for this expenditure as it pertains to the TGF.

Response:

This requested amount relates to the pro-rata cost of ProWatch operating system licenses that facilitate electronic surveillance and security for all PREPA, Irrigation, Hydroelectric and Generation facilities.

8. Reference: Tab Corp Resp_613:
 - a. Explain what specific activities the Siemens Industry contract supports.

Response: The Consultant shall provide necessary and appropriate professional technical advisory, engineering support, and consulting services to support PREPA's electrical system and generation facilities in projects and related services, including, without limitation:

- i. Response to regulatory requirements and requests. This includes preparing responses to requests from the Environmental Protection Agency (EPA) and PREB's Resolutions and Orders as well as requests of information and reporting on generation, fuel related matters, IRP, and requests for approval of projects before the PREB, including those submitted to FEMA, among others.
- ii. Support to PREPA on previously issued studies, like the Integrated Resource Planning (IRP), including the modifications and updates to the IRP Action Plan, New Combined Cycle Power Plant Feasibility Study and Location Selection, Renewable Integration Study, and Retirement of Existing Thermal Resources.
- iii. Support to PREPA's environmental compliance matters. The support in the area is expected to be centered on the reliability and safety of the electrical system. However, it may be extended to other environmental compliance aspects.
- iv. Planning, delivery, and contracts support. These studies include planning and technical advisory support for the procurement of fuels currently used in Puerto Rico. The studies are also expected to include contract optimization, bid support, finalization, and award of natural gas supply systems for new generation, including new liquefied natural gas (LNG) as may be required to integrate new flexible combined cycles or other generation sources at different locations to and provide resiliency and stability for future renewables integration.
- v. Engineering studies and advisory services. These studies will support near-term upgrades, model improvements, system assessment and restoration projects at existing generation units to increase and restore its capacity. The studies include but are not limited to the following:
 1. Technical advisory and engineering support to assess PREPA's fleet thermal performance and environmental

compliance testing activities, including the potential for increasing output, reliability, and efficiency (heat rate), as well as, if applicable, its conversion to synchronous condensers and/or re-use of the site.

2. Review PREPA's fuel systems conversion activities (e.g., Dual fuel, Tri Fuel) for existing generation units; natural gas use or other alternative fuels.
3. Reviewing PREPA's generating fleet's technical data and parameters to develop, validate and/or update models used to accurately represent these units in both PSS®E power flow and dynamic stability studies. This validation may require site tests to be conducted with the support of PREPA. This activity may include the development of models for new generation additions of solar, wind generation (if any), combined cycle, batteries, and other grid support as required, to be added to the system.
4. Performing short-, medium- and long-term load forecasts and conducting power flow and dynamic studies to confirm the reliable and secure performance of the system under selected conditions and if required, the black-starting of the system.
5. Production costing (PROMOD) support and analysis as required for short- medium and long-term planning.
- vi. Other technical advisory and engineering services, as requested, to support power generation and/or fuel related matters, including and not limited to preparing bids documents and technical specifications for the acquisition of power plants systems and equipment's, new generating facilities, project management, field inspections, and others.
- vii. Organizational Support. Support PREPA for the separation of generation services from transmission and distribution services.

b. Is development of the Integrated Resource Plan now the responsibility of LUMA?

Response: Yes, according to the transmission and distribution operation and maintenance agreement (T&D OMA) between PREPA, LUMA, and the P3 Authority.

c. If not, what entity is responsible for developing the Integrated Resource Plan?

Response: According to the T&D OMA, LUMA is responsible for preparing and submitting the Integrated Resource Plan (IRP).

d. What company is Engineering and Design TBD?

Response: There is no specific company or supplier already contracted for the requested budget item, as PREPA will undertake any needed contracting process during fiscal year 2023-2024.

- i. What electric utility engineering and design functions is HoldCo proposing to undertake?

Response: The main engineering and design functions that will be undertaken are those needed for the projects to be developed on the hydroelectric and water assets. Among others, there are preliminary and conceptual designs and specifications, high level costs estimates, and technical and administrative documents that are previously needed for the development of a project. Given that PREPA will not have enough employees to prepare and execute these preliminary actions (it is expected that PREPA will only have one employee for this and other functions), it will need to contract an engineering firm to perform the same. This budget item could be used to contract more than one supplier.

9. Reference: Tab Corp Resp_615:
 - a. Explain what specific activities the requested \$2M under Regulatory Compliance is supporting.

Response:

Regulatory Compliance is the name of a contractor that provides PREPA's Governing Board and its Executive Director with oversight of the use of the federal funds allocated for disaster relief or any other federal allocation, exclusively in connection with PREPA's generation and hydro plants, assets, and projects, among other matters unrelated to PREPA's transmission and distribution system ("T&D System"). In addition, the contractor can perform audits or existing contracts in order to ensure that the same comply with federal and local law, are being executed as agreed and are in the best interest of PREPA. The Proposed RECOM Contract does not cover and will not cover any aspect relating to the processes carried out by LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA Energy"). Services include the following: Document review and management, Compliance counsel, Policy and federal government relation services, Forensic audits, Response to federal audits and investigations, and Regulatory interactions. In addition, RECOM may be required to work with other consulting, legal, investment, or other type of firms.

- b. Will Generation Regulatory Compliance become the responsibility of GENERA upon its Service Commencement Date?

Response: No, PREPA is still the responsible for Consent Decree Compliance for DOJ and EPA.

- c. What legal services are provided by the Diaz & Vazquez Law Firm, P.S.C. Firm under its \$2M contract?

Response: For FY2024 the Diaz & Vazquez Law Firm (“D&V Law Firm” or “Law Firm”) will continue to represent PREPA on matters related to litigation, opinions, legislative processes, regulatory matters, audited financial statement support, labor issues, some eminent domain and inverse condemnation cases, and other matters related to Title III under PROMESA, particularly reconciliation of proof of claims regarding labor and litigation claims. And, if pending, transformation and reorganization matters.

Specifically, the D&V Law Firm will continue to represent PREPA in around 76 active litigation cases in both state and federal courts, many of them related to electric contact involving death or considerable damages.

As related to ongoing cases in PREPA’s labor division, the D&V Law Firm currently manages over 3,000 cases in the Comisión Apelativa del Servicio Público (“CASP”) and the Negociado de Reconciliación y Arbitraje in complaints related to the mobility of PREPA personnel as part of the transformation of the electrical system pursuant to Act 120-2018 and other labor complaints filed by PREPA’s former employees and unions.

The D&V Law Firm will also continue providing services in connection with the implementation and execution of Tranche 1 as well as providing legal representation to PREPA in the Tranche 1 investigation process and other pending matters within PREB that will not be transferred to Genera, including pending invoice challenges cases (~53 cases), the Bayamon and Guaynabo CELI case, the Tranche I investigation as well as any other appearance from PREPA required by the Puerto Rico Energy Bureau (“PREB”).

Lastly, the D&V Law Firm will continue providing services related with the bankruptcy procedures of PREPA filed under Title III of PROMESA, specifically the claims reconciliation procedures ordered by Judge Laura Taylor Swain under the Alternate Dispute Resolution (“ADR”) and the Administrative Claims Reconciliation (“ACR”) process which among other things requires the reconciliation of labor grievance claims for purposes of PREPA’s Plan of Adjustment. In case of the ADR process, pre-petition claims including litigation and non-labor claims are submitted to the Title III court for an arbitration like process which requires negotiation with claimant to determine an amount certain for any disputed claim to be submitted as part of PREPA’s Plan of Adjustment.

- i. Describe the level of support that the Diaz & Vazquez Law Firm has provided to PREPA in FY23 while the operation and maintenance of the generation fleet was still its responsibility.

Response: During FY2023 the Diaz & Vazquez Law Firm provided PREPA with legal support and representation in active federal, state, and administrative cases. It also assisted PREPA in requests for information from the Legislative Assembly, recurrent legal opinions and legal advice and consultation related to labor matters. Additionally, the Law

Firm worked with settling PREPA active litigations, extra-judicial claims, PREB related work regarding compliance with the 10-year infrastructure plan and IRP compliance in relation to generation assets including the Tranche 1 Renewables RFP and submittals of Scope of Works for generation maintenance and repair projects. Additionally, the Law Firm represented PREPA in complaints in CASP related to the mobility of PREPA personnel as part of the transformation of the electrical system pursuant to Act 120-2018 (~3,000 cases), the reorganization of the PREPA legacy structure into subsidiaries like GenCo, GridCo, HoldCo and assisted PREPA in the preparation of reports for PREPA's financial statements. For more detailed information, please to sharefile

- ii. Provide the expected total payment amount to the Diaz & Vazquez Law Firm for its services rendered in FY23.

Response: PREPA expects to pay the D&V Law Firm ~\$7M for services rendered during FY23.

- d. What services are provided by Baker Donelson Caribe under its \$1M contract?

Response:

Baker Donelson provides legal analysis, advocacy, advice, and opinions, as requested by PREPA, in relation to investigations and audits by the Office of Inspector General, and on all matters related to federal funding, including by the Federal Emergency Management Agency and the U.S. Department of Housing and Urban Development. For more detailed information, please refer to sharefile.

- e. What services are provided by the Servicios Legales Locales under its \$1M contract?

Response:

Projected efforts for 2023-2024: PREPA may be forced to initiate litigation against various local and international insurance companies to recover insurance for more than \$1 billion in losses incurred by PREPA in connection with Hurricane Maria and the January 2020 Earthquake. PREPA anticipates that this litigation will involve substantial legal work, including drafting dispositive motions, preparing witnesses for depositions, taking depositions in Puerto Rico, Miami, Houston, London, New York, and Madrid, defending PREPA from overly burdensome discovery, filing motions to compel discovery from Insurers, appearing at hearings before the Title III court, among other work. We anticipate that the insurers will attempt to mount a significant defense that will necessitate substantial local litigation support, in addition to the state-side specialized legal support, to maximize PREPA's return on its investment. It is critical that PREPA aggressively pursue its insurance coverage to avoid the risk of FEMA attempting to claw-back obligated funds if PREPA fails to pursue insurance coverage. Under Section 5155(c) of the Stafford Act, FEMA can claw back any funds PREPA received if PREPA does not diligently pursue its available insurance policies. PREPA has submitted to FEMA approximately \$1.2 billion in Hurricane Maria losses while Insurers have paid less than a

quarter of that amount. Any settlement below the full policy limits of the Hurricane Maria policy may open PREPA to the possibility of FEMA clawing back grant funds.

PREPA also anticipates the need for local legal support regarding additional appeals of FEMA decisions disallowing a total of \$68 million of costs incurred by PREPA under Cobra's second contract for emergency power restoration. These appeals were filed in late 2022 and early 2023. It is likely that FEMA will issue decisions on these appeals in FY24, and given the amounts at issue, it is likely that appeal or arbitration of these decisions will be warranted in FY24. Additionally, PREPA will require local legal support for a second-level administrative appeal of FEMA's denial of a first appeal of a \$32 million disallowance of costs incurred by PREPA under its contract for emergency power restoration with Whitefish, or a Request for Arbitration by a panel of the CBCA.

PREPA also anticipates a substantial increase in legislative requests for information (ROI's) generally related to energy matters, policy evaluations, and internal policy and procedure documents. PREPA must respond promptly to all legislative ROI's, providing any relevant information and documentation, some of which have had a 48-hour turn-around date. PREPA needs to be prepared to respond promptly, accurately and appropriately in order to protect the Authority's interests.

f. What services are provided by McGuire Woods under its \$1.495 M contract?

Response:

McGuire Woods represents PREPA in connection with PREPA's efforts to recover insurance for more than \$1 billion in losses incurred by PREPA in connection with Hurricane Maria and the January 2020 Earthquake. For more detailed information, please refer to sharefile and memorandum filed underseal.

10. Reference: Tab Corp Resp_627:

a. What are PREPA's continuing responsibilities with regard to Planta BONUS?

Response: PREPA is responsible for long-term surveillance and maintenance. Key services include:

- Conducting quarterly and annual surveys to assess radiological conditions throughout the enclosed domed building in accordance with the procedures in the Standard Operating Procedures [SOP] (PREPA 1998), the BONUS SOP (DOE 1999b), and the SOP Addendum (Webb 2001a).
- Conducting quarterly visual inspections of the facility to evaluate the structural adequacy of the building, the general condition of the containment of both the entombment and the external systems, and the condition of areas open to public access.
- Conducting facility maintenance to maintain the site in a safe and structurally sound condition for access by workers and the public and to maintain the integrity of the concrete monolith.
- Preparedness for emergency response by the Joint Management Team for any damage or disruption that could occur.

- Record retention.
 - Conducting quality assurance relating to the long-term care of the BONUS facility and activities related to the annual surveillance, monitoring, and maintenance of the site to comply with DOE Order 414.1A, Quality Assurance, and ANSI/ASQC E4-1994, Specifications and Guidelines for Quality Systems for Environmental Data Collection and Environmental Technology Programs (American Society for Quality Control 1994).
- b. How is the requested \$527k for Genesis Security Services for Planta BONUS Rincón proposed to be utilized?

Response:

When evaluating the request for the FY2023-2024 annual Budget, 69% was contemplated for the Generation of all positions and contracts. Likewise, 8% was applied to PREPA Administration positions.

The share for the Bonus plant is part of the South Region contract. The FY23-24 Budget amount would be \$4,879,820.38 for Generation and \$197,830.56 for Bonus. Therefore, \$329,717.59 will be subtracted from the \$527,548.15, which is for Genera and that will grant PREPA \$197,830.56 for Security of the Bonus facility. For further context of the services provided refer to the South Region Genesis Contact included in the supporting documents for Exhibit A.

- c. Reconcile this expense with the \$1.2 M requested for Planta BONUS NME at NME Tab, Row 11.

Response:

The Security costs highlighted are not related to NME costs, but for the fact they relate to the same site.

11. Reference: Tab Corp Resp_644:

- a. See Rows 3-7. The requested amounts to fund systems to backup data from the generating plants, that include information regarding power plant environmental compliance, totals \$860k. Explain why the requested amounts are needed when GENERA is taking over these functions.

Response:

The Aveva OSIsoft PI Vision (PI) system was acquired by the Puerto Rico Electric Power Authority on 2004 with the purpose of having unified in a single system important data for the electrical system of Puerto Rico. Among these data is, but is not limited to, the production of electrical energy in each generator of each one of the thermoelectric power plants, combined cycles, emergency generators (peak demand units), hydroelectric, wind, solar and "waste to energy" as well as operational parameters such as frequency, demand, unit availability, etc. The system also monitors operational data on the behavior

of the levels of the 20 reservoirs that are managed by PREPA. In addition, the fuel supplies for the daily operation of combustion generation in our system are monitored, as well as the meteorological data collected by our 23 meteorological stations strategically installed throughout the island, the environmental data required by the EPA as well as the behavior of the transmission of the energy produced through the high voltage lines throughout the entire island.

The aforementioned data is used for the real-time publication of the Internet pages of the PREPA, LUMA Energy and the official portal of the Government of Puerto Rico through PRITS. This system is managed by the PREPA and access to all this information is provided to all operators (LUMA and GENERA PR) as well as to PREPA's operations officials. The licensing of the 8 servers installed throughout the island to PREPA and thus the cost is assumed by PREPA. Trying to separate the different components of the system so that each operator has the part that corresponds to their operation and maintenance agreements has been analyzed and it has been concluded that it would result in an onerous expense of money for all the parties involved in its use. It is suggested to keep the system as it is installed.

12. Reference Tab Corp Resp_673:

- a. Explain what specific activities the O'Melveny contract is supporting under its proposed \$9 M contract.

Response:

O'Melveny & Myers, LLP ("OMM") provides legal services to PREPA on matters related to: (a) the restructuring of the outstanding indebtedness of PREPA (the "PREPA Debt Restructuring"); (b) all litigation and mediation related to the PREPA Debt Restructuring or the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), as well as other litigation matters requested by PREPA or AAFAF, related to PREPA; (c) matters related to confirmation and implementation of PREPA's Title III Plan of Adjustment related to the PREPA Debt Restructuring; and (d) other corporate, finance, securities, litigation or restructuring matters, including related to the PREPA transformation process, PROMESA, relations with and submissions to the Financial Oversight & Management Board (the "Oversight Board"), fiscal plan issues, or other matters, as requested by PREPA or AAFAF, related to PREPA.

- b. Explain what specific activities the Diaz and Vazquez contract is supporting under its proposed \$2 M contract.

Response: PREPA understands that this request of information is addressed in ROI 9.C.

- c. Explain what specific activities the King & Spalding contract is supporting under its proposed \$1.5 M contract.

Response:

From the inception of PREPA's renewable generation and energy storage procurement process in late 2020, lawyers with King & Spalding LLP ("K&S") have assisted PREPA,

its technical consultant Sargent & Lundy (“S&L”) and lawyers with Díaz & Vázquez Law Firm, P.S.C. (“D&V”) with essentially all aspects of that process. K&S lawyers had primary responsibility, with input from S&L and D&V, for the development of the Tranche RFP documents and exhibits and the rules governing the procurement. K&S lawyers drafted the forms of Power Purchase and Operating Agreement (“PPOA”), Energy Storage Services Agreement (“ESSA”) and Grid Services Agreement (“GSA”) that have been offered to renewable generation, energy storage and virtual power plant project proponents. K&S lawyers have had the ongoing responsibility of negotiating and documenting amendments to those contract forms in response to PREB directives, project proponent comments and input provided by other governmental entities, including the Financial Oversight and Management Board for Puerto Rico and the U.S. Department of Energy’s Loan Programs Office. This work continues and is unlikely to be concluded in 2023. For more detailed information, please refer to sharefile.

- d. Explain what specific activities the Ankura Consulting Group LLC contract is supporting under its proposed \$8M contract.

Response:

Ankura Consulting Group LLC (“Ankura”) provides professional bankruptcy and financial advisory services to PREPA. Ankura’s current and future workstreams and activities fall into two broad categories - (1) Title III Bankruptcy Support, and (2) Implementation of PREPA’s Transformation, as mandated under Puerto Rico law, and the FOMB Certified Fiscal Plans for PREPA and the Commonwealth of Puerto Rico.

Ankura’s ongoing and future activities include, but are not limited to the following:

Title III Bankruptcy Support:

- **Title III Related Financial Advisory Services** – continued work with AAFAF, FOMB and other stakeholders on debt restructuring / mediation, litigation support and other Title III issues, including but not limited to the completion and implementation of PREPA’s Plan of Adjustment and Disclosure Statement
- **Implementation of PREPA Plan of Adjustment** - including supporting work for claims settlement, issuance of new bonds, corporate governance and regulatory / PREB approvals

Implementation of PREPA’s Transformation:

- **Fiscal Plan Development and Implementation** - advise PREPA – which will continue to be the Covered Instrumentality, as defined under PROMESA - and work with the FOMB and other stakeholders, including LUMA and GENERA PR, regarding fiscal plan development, reporting and management and support on implementation of certain key strategic initiatives.

- **Strategic and Financial Advisory Support** - advise PREPA with ongoing negotiations with key power generation suppliers.
- **Budget, Liquidity and Regulatory Support** - prepare analyses to support PREPA management, comply with related reporting requirements and provide information (e.g., analysis, reports) to various stakeholder groups including FOMB, creditors, AAFAF, LUMA, Genera, PREB, among others.
- **Regulatory Services** – provide support to PREPA regarding PREB regulatory proceedings and filings related to budgets, cash flow, liquidity, resource planning, and the upcoming Rate Case for PREPA entities in coordination with and in response to requests for information from LUMA & GENERA PR.
- **Ongoing Corporate Restructuring** - advisory services for the design and implementation of new corporate structures for HoldCo, HydroCo, PropertyCo – and resulting coordination with GenCo and GridCo – to support PREPA management in their new operational, regulatory compliance and financial responsibilities in coordination with AAFAF and the P3A.
- **Transition and Integration** - coordination and integration between PREPA, LUMA, GENERA PR and other stakeholders (e.g., P3A, AAFAF, FOMB, PREB, related advisors) on matters such as Shared Services, consolidated financial reporting, Service Account funding, and others.
- **PREPA ERS Funding Efforts** - continued support of the emergency ERS funding needs and the implementation of the pension plan restructuring with AAFAF and the FOMB in accordance with the PREPA Plan of Adjustment.
- **PREPA Audited Financial Statements** - support on issuance of PREPA's audited financial statements, including Swap Validation Analysis.

Ankura's fees and expenses are subject to the Title III Court supervision and approval, including the review by the Court appointed Fee Examiner.

- e. Explain what specific activities the Norton Rose Fulbright contract is supporting under its proposed \$1.325 M contract.

Response:

Norton Rose Fulbright serves as PREPA's counsel in matters relating to PREPA's financing activities, including disclosure and other related federal securities law and tax matters and the judicial determination of the validity of any one or more of such financings, matters related to any restructuring of PREPA's outstanding obligations to its various stakeholders, matters related to any loan guarantees to be provided by the Government of the United States, and any other legal matters requested by PREPA.

- f. Refer to Column D Row 11, requesting \$32,821,823.
 - i. Explain what specific activities this budget is supporting.

Response:

This budget amount is for "FOMB Advisor Costs allocated to PREPA" and is provided by FOMB to PREPA and LUMA for inclusion in the proposed budgets. PREPA does not have insight into what these amounts are used for beyond the budget line item title. PREPA received an invoice from the Puerto Rico Department of Treasury for amounts incurred under this line item, but PREPA has no visibility or detail beyond the total amount.

- ii. Are these services provided by outside companies?

Response:

PREPA does not have detailed information on budget amounts included in this line item.

- iii. What companies are supporting these activities.

Response:

PREPA does not have detailed information on this line item.

- iv. Are these companies being contracted by PREPA or FOMB?

Response:

PREPA does not contract any services or incur costs directly for amounts included in this line item.

- v. If these services are not being secured by PREPA, provide an opinion as to the reasonableness of the proposed costs.

Response:

PREPA is not able to comment on the reasonableness of proposed costs.

- vi. Are these consultants being paid with ratepayer funds?

Response:

Costs incurred under the line item "FOMB Advisor Costs allocated to PREPA" are paid out of PREPA operating cash and covered in PREPA's operating budget, and therefore amounts included are paid with ratepayer funds.

13. Will the Environmental and Preservation Compliance fall under LUMA/GENERA upon the Service Commencement Date?

- a. If not, explain fully what entity will be responsible for Environmental and Preservation Compliance and the timeline for its transfer.

Response:

Environmental and Historic Preservation Compliance, for FEMA funding, obligations is a PREPA responsibility— PREPA is the Subrecipient of these fundings. LUMA/GENERA will be responsible of the EHP compliance for the projects they are developing or will develop. For the Hydro Co and Property Co projects that are submitted to FEMA, PREPA has the responsibility for EHP compliance.

- b. Explain in detail the responsibilities related to Environmental and Preservation Compliance.

Response:

Responsibilities include: (i) The development of the FEMA Environmental and Historical Preservation (EHP) scoping documents for each project, managing it through the FEMA EHP process for receipt of the FEMA Environmental Record of Consideration, and managing the construction compliance with all mitigations and recommendations; (ii) Identify Preliminary EHP considerations and Environmental Permitting, prepare Environmental Reviews as established in the Project Specific Programmatic Agreement (PSPA) that applies to Undertakings funded under FEMA's Accelerated Award Strategy (FAAST) and associated 406 activities, as well as those PREPA Undertakings funded under FEMA's 404 Hazard Mitigation Grant Program (HMGP) and the Programmatic Environmental Assessment (PEA) that consider the potential environmental impacts of potential project alternatives, including a no action alternative, and to determine whether to prepare a finding of No Significant Impact (FONSI) or an Environmental Impact Statement (EIS); (iii) Environmental maps and shape files like ArcView GIS and/or Google Earth; (iv) Implement EHP compliance as in the PEA and PSPA; (v) Subcontract biologists and archaeologist with FEMA credentials or any other professional necessary to accomplish with EHP requirements; (vi) Provide scope of work, schedules and the consultation with external permitting agencies and stakeholders, such as but not limit to the Federal Emergency Management Agency (FEMA), State Historic Preservation Offices (SHPO), Army Corps of Engineers (CoE), U.S. Environmental Protection Agency (EPA), US Fish and Wild Life (USFWS), Federal Energy Regulatory Commission(FERC), Federal Aviation Administration (FAA), PR Planning Board (PRPB), Permit Management Office (OGPe), Department of Natural and Environmental Resources (DNER), and Institute of Puerto Rican Culture (ICP), municipal authorities, non-governmental organizations charged with environmental conservation, and any other government or federal agency; (vii) Among others.

14. Given that the FEMA rebuild work is to be performed by LUMA and GENERA, would it be more efficient for these entities to assume full responsibility for obtaining FEMA funds rather than PREPA, although PREPA may be the actual recipient of the funds?

Response: Per the FY 2022 FOMB certified fiscal plan, the total estimated cost associated with FEMA 428 and FEMA 404 projects as part of the 10 year infrastructure plan totaled \$12.2 billion, of which over \$1.5 billion relates to PREPA responsibilities for hydro, dams, and irrigation. PREPA also continues to maintain responsibilities for legacy emergency related FEMA funding.

Additionally, LUMA has been receiving deposits directly from COR3 for T&D related FEMA proceeds in the T&D service account for federally funded capital (FirstBank account ending in 486) since February 2023 and expects this to continue into the upcoming fiscal year.

15. Provide specifics, including employee numbers and responsibilities, of how HoldCo will comply with Generation OMA Section 6.4 that requires PREPA, from and after the Service Commencement Date, to maintain staffing in connection with O&M Services, only at levels strictly necessary to timely and effectively perform its obligations under the agreement.

Response:

Please refer to PREPA's response to ROI 1, submitted to PREB on June 14, 2023 (Docket No. NEPR-MI-2021-004). These budgets reflect an updated employee roster, as approved by the governing board on June 9, 2023, and represents those employees and positions strictly necessary to timely and effectively perform its obligations under the agreement.

16. In the file 20230525-Annex-1-PREPA-HydroCo-FY24-Budget-2023.05.23 -Rev-004.xlsx, filed with the Energy Bureau on May 25, 2023, on the FY24_HydrCo_WA worksheet, Salaries and Wages expenditures increase by \$921,000, or 20%, compared to the FY2023 budget. What are the drivers for those increases? Please justify why there is a 20 percent increase proposed for Salaries & Wages costs?

Response:

In compliance with the June 9th Technical Conference bench order (ROI 1), PREPA submitted a revised version of final budget on June 14, 2023 (Docket No. NEPR-MI-2021-004). These budgets reflect an updated employee roster as approved by the governing board on June 9, 2023.

Referencing PREPA's June 14th budget submittal, file "PREPA HydroCo FY24 Budget (2023.06.14)", Salaries and Wages expenditures have decreased by approximately \$2.1 million, or approximately 46%, compared to the FY2023 budget. The decrease was driven by the reduction in headcount in Water Administration and Hydroelectric from 132 to 54 employees, as reflected in the May 25th and June 14th budget filing, respectively.

17. In that same spreadsheet, under the "Roster" worksheet, there are 28 positions listed that include a KO flag of O, a Base Salary of 110 and include salary information in the "Negotiation Increase" Column N, and for those positions, the average increase is \$39,317, and the total increase is \$1,100,873. Do these represent planned HydroCo headcount additions, or what is the explanation underlying these costs? If those do represent employee additions, what is the business rationale for such additions?

Response:

This was a manual error and has been adjusted. Please reference PREPA's June 14th HydroCo budget filing. More specifically, the 28 positions were off by one column to the right (columns L, M and N in the May 25th submittal), where the "O" indication belongs under the "Vacant Flag" column, the "110" belongs under the "KOE" column and the values previously under "Negotiation Increase" should be under the "Base Salary" column. The formulas calculating the subtotal (column Q in the May 25th submittal, and column O in the June 14th submittal) has been adjusted to not include the 110 column. These adjustments attributed to approximately \$3,000 of the overall decrease in Labor Expenses.

18. PREPA's proposed HydroCo budget includes \$1.037 million of Overtime Pay and \$124,000 of Overtime Benefits, which in combination represent a 22.6 percent increase of FY2023 Overtime Pay and Overtime Benefits. Please justify this increase and the business rationale for such an increase.

Response:

As mentioned in PREPA's response to ROI 16, PREPA submitted a revised version of final budget on June 14, 2023 (Docket No. NEPR-MI-2021-004). These budgets reflect an updated employee roster as approved by the governing board on June 9, 2023.

Referencing PREPA's June 14th budget submittal, file "PREPA HydroCo FY24 Budget (2023.06.14)", Overtime Pay has decreased by approximately \$558,000 and Overtime Benefits has decreased by approximately \$66,000, collectively representing an approximately 66% decrease in Overtime Pay and Overtime Benefits when compared to the FY2023 budget. The decrease was driven by the reduction in headcount in Water Administration and Hydroelectric from 132 to 54 employees, as reflected in the May 25th and June 14th budget filing, respectively.

19. Security costs for FY24 are budgeted to increase by \$851 million, or by 47 percent compared to FY23. What is driving this increase? Please justify a 47 percent increase in security costs for hydro facilities that have been in place for many years.

Response:

First of all, the premise of the question needs to be adjusted as the budget requested is for \$851 thousand not million, and the increase is driven by the change in the cost of all the contracted services as illustrated in Clause 12 of the contracts 2023-P00077 (RFP3253, South Region) and 2023-P00084 (RFP3252, North Region).

20. PREPA's proposed HydroCo budget includes a reduction of \$946,000 for Professional & Technical Outsourced Services. What is driving this reduction? Does this reflect a shift from outside to inside resources?

Response:

There will be no shift from outside to inside resources. PREPA does not have the resources. Professional Services must be separated from Technical Outside Resources. Professional Services are related to engineering consultant firms, and we are going to contract an engineering firm for an amount of \$3 million begin developing FEMA funded projects by reimbursements.

21. PREPA's proposed HydroCo budget includes \$1.13 million in expenditures for Regulation and Environmental expenditures, where no such expenditures were included in the FY23 budget. Please explain the need for these expenditures.

Response:

The \$1.13 million increase in Regulation and Environmental Expenses was not an increase in budget because the Budget of 2022-2023 didn't include any amount for this kind of Expenses, as the FOMB assigned all of these expenses to the GenCo budget. It is mandatory to comply with all State and Federal Environmental Regulations. PREPA has reviewed and assessed its various regulatory and environmental requirements and has proposed a budget to meet its projected needs.

Please refer to the document titled 'PREPA HydroCo FY24 Budget (2023.05.23) Rev (004)', which was submitted to the PREB on May 25, 2023. Notably, no 'Regulation & Environmental Expenses' costs are reflected in the FY23 FOMB Certified Budget for HydroCo.

22. What resources and budgetary allocation are necessary for HYDROCO's responsibilities related to irrigation? They FY24_HyrdoCo_Riego worksheet lists Irrigation Revenue of \$15.014 million and Total Riego Operating and Maintenance Expenses of \$15.358 million. Please confirm these values and that revenues from Irrigation services are approximately equivalent to costs to provide such services.

Response:

PREPA confirms that the mentioned revenues for irrigation services are approximately equivalent to costs to provide such services.

23. Are fees assessed for water sales?

Response:

Riego's revenues are comprised of two components: revenues from water sales and revenues from the Non-Help to Humans ("NHTH") Subsidies Rate Rider. NHTH subsidies

rider revenues have historically contributed approximately 50% to the overall Riego revenues, with water sales revenues and other revenues comprising of the other 50%.

24. What resources and budgetary allocation are necessary for HYDROCO's responsibilities related to flood control?

Response:

The resources needed are comprised of specialized professional services for inspection and structural stability assessments. Also, personnel, equipment and machinery for operation and maintenance of all dams, reservoirs, tunnels, channels, gates, relief, and discharge valves (on 12 reservoirs), for which all together operate as flood control measures and water transfer to reservoirs downstream - PRASA, PREPA Generation and Irrigation Systems.

25. What resources and budgetary allocation are necessary for HYDROCO's responsibilities related to hydroelectric generation?

Response:

The resources needed for hydroelectric generation comprise of specialized technical advisory services, as required, for troubleshooting and advice on repair procedures. Also, budget allocation is required for outsourcing services such as, but not limited to: heavy crane rentals, equipment rentals, emergency generators maintenance and services, environmental waste handling and disposition, electrical/mechanical shop repairs, etc. Unit operations personnel are required (operator and assistant operators for manual equipment interactions), as well as mechanics, electrician, instrument technician and assistants to sustain unit's availability and operation. It is important to mention that personnel for general hydroelectric plant personnel is the same personnel allocated for dams, reservoirs, water channels and tunnels maintenance. Additionally, PREPA's proposed budget as presented only considers the minimum required resources for the currently available hydroelectric plants and individual units. As more hydroelectric plants and individual units become operational, it is likely that more resources will be required to sustain unit availability and operations.

26. To what other areas of responsibility are HYDROCO's resources allocated? What is the budgetary allocation?

Response:

HydroCo's resources are short and limited, and not allocated to other areas of responsibility.

27. What are the respective percentages of HYDROCO's total resources and budgetary allocation are required for each?

Response:

HydroCo is responsible for the operation and maintenance of the Hydropower Assets consisting of the hydroelectric generating assets (Water Administration) and irrigation

assets (Riego). As reference in the FY24 proposed budget filings, the requested FY24 HydroCo budget only represents Water Administration.

Riego has historically operated as its own entity with a separate accounting system. Riego's revenues are comprised of two components: revenues from water sales and revenues from the Non-Help to Humans ("NHTH") Subsidies Rate Rider. NHTH subsidies rider revenues have historically contributed approximately 50% to the overall Riego revenues, with water sales revenues and other revenues comprising of the other 50%.

28. PREPA's proposed HydroCo budget includes NME expenditures of \$5.471 million, which is an increase of \$1.971 million compared to FY23. Please provide the drivers for this increase.

Response:

The technology and infrastructure of the hydroelectric units are from the 1910's to 1950's. These systems are of great importance because of their characteristics and capacity to increase the penetration of intermittent renewable generation (solar and wind). PREPA has been forced to constantly postpone NME work on the hydroelectric systems due to budget constraints. In fact, the NME work that is required for the hydroelectric system should be in an amount substantially higher than the proposed budget, when considering all the funds that are required and are past due for major overhauls on main equipment, turbines and generators. Budget for said past due works has not been requested to date, considering the possibility of being granted approvals for federal restoration funds for hydroelectric plant's retrofitting. This proposed NME budget is intended to achieve what PREPA considers critical maintenance and repairs to keep infrastructure reliable, safeguarding the property and safety of those who work in it and protecting surrounding communities against any failure on dams and/or penstocks, and in compliance with codes and standards, short term capital improvements for the automation of hydro turbines governor control system, which will support the integration of more intermittent renewable generation to the grid. The automation system will control the operations remotely from LUMA's Dispatch Center to operate the units as synchronous generator for reactive voltage support, or as immediate power generation for power and frequency stability. NME also includes surveillance and security alert systems recommended for the facility safety and for the communities to notify when the gates are open. Additionally, data acquisition systems and telemetry are used for remote monitoring of the operational parameters and contributes to maximizing generation. The reservoirs require stabilization studies, and in some cases mitigation, to avoid structural failures which jeopardize the life and properties of the surrounding communities. The interconnection channels, reservoirs surroundings and its easements shall be properly maintained to assure the water volumetric flow to the powerhouse. It is important to note that this can only be accessed via ATVs and excavators for pathways. This requires the purchase of certain equipment that are capital investments.

29. The HydroCo NME budget proposed for HydroCo includes \$1.5 million for Units Improvement projects and an additional \$1.5 million for Units Station Protective Coating.

Please explain in more detail what those projects consist of, and the business need for those projects?

Response:

The improvement projects are the minimum projects related to the corrective maintenance and operability/reliability improvements for short to medium term. These projects will ensure that the units remain in operation while the Application Package to improve and upgrade the whole system, which is under COR3/FEMA evaluation for federal grant and permanent projects, is completed (battery/charging system replacements, operation valves replacement and maintenance overhauls, gate rehabilitations, electrical/I&C wiring and cabling restorations, etc.). The Protective Coatings (epoxy and polymers) are applied to effectively protect the reconstructed portions of penstocks, which is a constant and on-going work on hydroelectric systems. Said penstocks date back to the 1910's to 1950's and are a vital component for hydroelectric power generation. Also, and not less important, several powerhouses need urgent protective coating on the roof to avoid damage to electrical equipment and generators. It is important to mention that even if federal restoration funding is authorized and allocated, due to the complexity of the engineering assessments, design and equipment retrofitting work scopes, existing infrastructure must be maintained for several years of operation while the restoration works are implemented and completed.

30. The NME budget proposed for HydroCo includes \$1.5 million for IT/OT projects. Please explain what those projects consist of, and the business need for those projects? Why are IT/OT services not part of Shared Services provided by LUMA?

Response:

PREPA currently does not have visibility into the operations, monitoring and surveillance of the hydroelectric infrastructure, including dams, and penstocks. These projects consist of data acquisition systems; sensors of temperature, RPM's, volumetric water flow, water levels; telemetry to monitor remotely the operations and determine and maximize the power generation based on the reservoirs water level in real time; hardware of OPC Servers to send all parameters to the software OSCIP system. The project is to all active hydroelectric units and the timeline for completion is estimated to be between two to three years. The budget requested is associated with the costs of beginning the project. A budget increase will be seen for fiscal year 24-25. The existing IT/OT systems are a license owned by PREPA and cannot be transferable to LUMA.

31. In its proposed HydroCo budget, PREPA does not have a category for Shared Services. In contrast, in Table -3 of LUMA's proposed budget, it lists \$69 million in Shared Services costs, and footnote 1 states that of that amount, about \$54 million is included in GENERA's GenCo budget, and the remaining \$15 million "may need to be allocated between GenCo, HydroCo and HoldCo."

- a. The Energy Bureau issued an ROI related to the Shared Services allocation, identifying that the submitted HydroCo and HoldCo budgets do not appear to include any Shared Services allocation, and that there is a \$15 million gap

between LUMA's budgeted amount and Genera's budgeted amount. Both Genera and PREPA deferred to LUMA to respond to that ROI. What is PREPA's position on the Shared Services cost allocation?

Response:

PREPA will collaborate with LUMA and Genera in the first six months after commencement date to determine shared services cost allocation. The process to segregate shared services has not occurred yet, and fiscal year 2024 will serve as a basis for future shared services cost allocation.

- b. Why has PREPA not included any Shared Services costs in its proposed HydroCo budget?

Response: As referenced in the T&D OMA, the Shared Services Agreement was between GenCo and GridCo. At the time of the T&D OMA, the HydroCo entity did not exist. The creation of HydroCo was supported through the PREPA-Genco-HydroCo Operating Agreement ("PGHOA").

The PGHOA includes the steps and process to be followed by the Parties, GenCo and HydroCo, to prepare and amend each of the parties' budgets; how each of the T&D Operator, GenCo and HydroCo's accounts will be funded, the form of Interconnection Agreement to be entered into between PREPA and GenCo concerning the interconnection of the T&D System and the legacy generation assets, the Agreed Operating Procedures, the interconnection facilities operations and maintenance procedure, dispatch, metering of the electricity delivered or made available by GenCo or HydroCo, and finally the decommissioning of the Legacy Thermal Generation Assets, among other matters. Therefore, HydroCo is not subject to the Shared Services Agreement, rather HydroCo will be subject to the Interconnection Agreement and any "shared" costs associated with said agreement.

Furthermore, HydroCo remains with PREPA (HoldCo) and currently operates as its own entity. HoldCo manages and maintains the Shared Services (i.e. IT contracts), not HydroCo.

- c. In data response to PREB ROI 089 (See ROI -LUMA-MI-2021 -0004-20230523- PREB-089), LUMA declines responsibility for allocating shared services costs among GenCo, HoldCo and HydroCo, but outlines an allocation approach it believes to be reasonable. Has PREPA reviewed that allocation methodology, and is it in agreement with it?

Response:

PREPA has reviewed the proposed allocation methodology proposed by LUMA and continues to deliberate and discuss the proposed services and allocation of costs with LUMA and Genera. PREPA is not yet in a position to state affirmatively whether it agrees or disagrees with the approach.

- d. At the Technical Conference, Genera indicated it believes approximately 5 percent of Shared Services costs should be allocated to PREPA to HydroCo and HoldCo, with 95 percent allocated to Genera. Is PREPA in agreement with that allocation?

Response:

Please see response to 31c.

- e. What is PREPA's recommended approach for allocating the \$15 million of shared services costs that are currently unallocated in the consolidated budget?

Response:

PREPA believes the \$15 million of shared services costs should be allocated according to cost causation principles, which as of yet has not been adequately assessed.

32. In its data response, LUMA also states that "[t]he Shared Services Agreement will terminate on or before December 31, 2023." and that "The costs of transitioning existing shared services to Genera PR and PREPA are shared services costs under the agreement; these costs are unknown and unbudgeted in the current FY2024 budget." Does PREPA's HydroCo budget contemplate taking over shared services starting January 1, 2024, or do the budgeted amounts contemplate continued provision of those services through the end of FY24?

Response:

PREPA has prepared its budgets in order to minimize and ultimately eliminate LUMA shared services in contemplation of its pending expiration on Genera's service commencement date. However, PREPA HoldCo and HydroCo budgets have been significantly constrained due to availability of funding, and as a result, staffing for administrative functions has been reduced in light of funding allocation determinations.

PREPA management is not convinced that extending the Shared Services agreement would be more cost efficient to ratepayers than contracting other third party service providers, but LUMA has limited PREPA's ability to assess the situation. For example, PREPA has repeatedly requested the detailed list of IT services invoiced by LUMA to PREPA under the Shared Services Agreement, but to-date no detail has been forthcoming.

33. If PREPA takes over its own Shared Services for HoldCo, how would the proposed FY24 budget change?

Response:

PREPA will need to assess the adequacy of lower proposed staffing and funding for non-labor expense items during the opening months of FY2024 to determine ongoing needs for Shared Services from LUMA.

34. Please provide the aggregate available generating capacity of HydroCo hydroelectric generation facilities.

Response: Existing hydroelectric generation is of 100.3 MW installed, of which 26.2 MW is available, providing a 0.90% load demand.

35. Please provide annual total energy production produced by the HydroCo hydroelectric generation facilities over each of the last three calendar years.

Response:

Year	kW-hours
2020	50,466,000
2021	39,624,500
2022	46,016,900
2023 (as of May)	15,832,000

36. Reference: Annex A PREPA's RESPONSES TO PREB'S SECOND REQUEST OF INFORMATION, No. 62.

- a. In this ROI, the Energy Bureau requested PREPA to provide a listing of funds used by PREPA during FY2022 and FY2023 to pay for initial costs and projects that have received FEMA reimbursement and/or advance payments and a reconciliation of any excess cash available. PREPA stated that it used its necessary maintenance expense (NME) budget to pay for the initial cost of the project and stated that "an excess of cash available doesn't exist."
- b. Please explain why PREPA has used NME funds approved by PREB to fund projects eligible for federal reimbursement.

Response:

PREPA initially used its NME budget and operating cash to fund certain projects that were subsequently determined to be eligible for federal reimbursement.

- c. Please provide a monthly breakdown for FY2022 and FY2023 of funds used to fund projects eligible for federal reimbursement.

Response:

Please refer to the “Monthly Expenditure Report FY22 and FY23” workbook in the “ROI 36 – Federal Funding” section of the sharefile for a monthly breakdown of funds used to fund eligible projects eligible for federal reimbursement for fiscal years 2022 and 2023.

- d. Please provide a monthly breakdown of funds received from FEMA and/or other federal agencies for reimbursement of project expenditures for projects eligible for federal reimbursement.

Response:

Please refer to the “FEMA Funds Received” workbook in the “ROI 36 – Federal Funding” section of the sharefile for a monthly breakdown of funds received from FEMA and other federal agencies for reimbursement through May 31, 2023.

- e. Please explain why PREPA has used NME funds to pay for projects eligible for federal reimbursement, instead of utilizing FEMA advance payment resources.

Response:

PREPA initially used its NME budget and operating cash to fund certain projects that were subsequently determined to be eligible for federal reimbursement.

Chapter seven of the COR3 working capital advance program stipulates that if the procurement process for a project is underway, an advance cannot be requested. The procurement process for many of the projects was already underway before the working capital advance program was established in July 2022, making PREPA ineligible to request advances for these projects.

- f. For the projects identified above, also provide a breakdown of the status of federal reimbursement, and expected timing for any project expenditures that have not previously been reimbursed.

Response:

Please refer to the “RFR Tracker” workbook in the “ROI 36 – Federal Funding” section of the sharefile for a breakdown of the status and expected timing of federal reimbursement.

- g. If PREPA has used NME funds to pay for projects eligible for federal reimbursement, please explain why funds ultimately received from FEMA and/or other federal agencies as reimbursement, would not become excess cash available at the time reimbursement is received?

Response:

It is not clear to PREPA what PREB considers “excess cash”. However, in instances where PREPA has received Federal funds for NME projects that were subsequently determined to be eligible for federal funding, such funds become part of PREPA’s overall liquidity or “cash on hand”.

PREPA’s “cash on hand” is necessary to fund several obligations, including but not limited to:

1. funding needs based on approved budgets,
2. working capital needs, including fluctuations associated with, among other things, fuel and purchased power quarterly reconciliations,
3. ongoing funding needs for various Luma and General Service Accounts,
4. funding working capital related to projects subject to FEMA reimbursements,
5. outstanding amounts due to disaster recovery contractors,
6. potential Title 3 Exit Costs,
7. pension system funding obligations, and funding for Voluntary Transition Program