

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

NEPR

Received:

Jul 7, 2023

4:01 PM

CASE NO.: NEPR-MI-2021-0004

IN RE: REVIEW OF LUMA'S INITIAL BUDGETS

SUBJECT: Second Motion to Submit PREPA's Contracts for Professional and Technical Services in Compliance with Portion of the June 25 Order and Urgent Request for Approval

THIRD MOTION TO SUBMIT PREPA'S CONTRACTS FOR PROFESSIONAL AND TECHNICAL SERVICES IN COMPLIANCE WITH PORTION OF THE JUNE 25 ORDER AND URGENT REQUEST FOR APPROVAL

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

1. On May 16, 2023, LUMA¹ filed a document titled *Submission of Consolidated Annual Budgets for Fiscal Year 2024 and Proposed Annual T&D Projections Through Fiscal Year 2026* ("May 16 Motion") for the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau" or "PREB") review and approval. The May 16 Motion included the following budget components: (i) the proposed T&D budget developed by LUMA, (ii) the proposed generation budget developed by Genera PR, LLC ("Genera") on behalf of the PREPA, for the PREPA subsidiary GENCO LLC ("GenCo"), and (iii) the proposed Budget developed by PREPA for its holding company, HoldCo, and its subsidiaries PREPA HydroCo LLC ("HydroCo") and PREPA PropertyCo, LLC ("PropertyCo").

2. On June 25, 2023, after a series of procedural events, including a technical conference and various submissions including responses to the Energy Bureau's requests for information, the

¹ LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as, "LUMA").

Energy Bureau entered *Resolution and Order* issuing a determination on the FY24 Annual Budgets for the electric utility system including the budgets for LUMA Energy, LLC and LUMA ServCo, LLC (collectively, “LUMA”), Genera-PR, LLC (“Genera”) and PREPA (“June 25 Order”).

3. The June 25 Order included a series of orders to PREPA. In what is pertinent to this motion, the Energy Bureau ordered PREPA to “To file with the Energy Bureau for review and approval, any new contract or amendment to an existing contract, prior to executing or making any award of such contract or amendment”. See June 25 Order at p. 31.

4. Pursuant to the June 25 Order, PREPA herein submits to the Energy Bureau a list of eight (8) proposed contracts between PREPA and multiple contractors. See, Annex A. PREPA also includes the following link to a sharefile with copies of each listed contract for the Energy Bureau’s review and approval:

[0157-20230707-Third Group of PREPA Contracts for PREB Approval](#)

5. PREPA respectfully submits that the contract with the firm Ankura Consulting Group, LLC. was reviewed and approved by the Fiscal Oversight & Management Board (“FOMB”) today, Friday, July 7, 2023. *See*, Annex B. PREPA respectfully requests this Energy Bureau to accept this motion, review and approve the eight (8) contracts submitted herein.

6. It is imperative for PREPA that the Energy Bureau review and approve the contracts attached to this motion in Annex A, as these contractors provide PREPA technical support services in connection to PREPA’s day-to-day operational activities, which are required for PREPA’s continued operations.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE** of the information provided in compliance with the June 25 Order and **APPROVE** the eight (8) contracts as submitted for review and approval.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 7th day of July 2023.

/s Maralíz Vázquez-Marrero

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/s Joannely Marrero-Cruz

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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 7th day of July 2023.

/s Joannely Marrero-Cruz
Joannely Marrero Cruz

Annex A

CONTRACTOR	SERVICES TO PROVIDE	PROPOSED AMOUNT
ADP, Inc.	The contractor will provide PREPA with human capital management services and processing of payroll	\$46,198.00
Ankura Consulting Group, LLC.	The Consultant will assist PREPA, among other matters, providing assistance in privatization initiatives, lead negotiations on fiscal plan revisions, and support and monitor FY24 budget-to-actual reporting to FOMB.	\$6,600,000.00
CSA Architects & Engineers, LLP. (97019)	Contract awarded by means of a competitive process (RFP 3574) to provide PREPA technical and engineering professional services and project management support to the irrigation systems repair projects.	Time extension
Freese & Nichols Inc.	The Consultant will assist PREPA, among other matters, with the insurance claims, specifically Guajataca Dam Damage Claim, Sedimentation in Water Reservoir Claim and Earthquake Damage Claim.	\$445,783.00
Hogan Lovels US, LLP.	The Consultant will assist PREPA, among other matters, providing legal support, technical advice and representation to PREPA for all environmental compliance activities required.	\$500,000.00
ScottMadden Inc.	The Consultant will assist PREPA, among other matters, with audit efforts and consolidated annual financial disclosure reports.	\$378,000.00
The Claro Group LLC.	The Consultant will assist PREPA, among other matters, in quantifying and preparing claims.	\$393,750.00
Universal Medical Option Inc.	Medical Services Contract- medical evaluation.	\$200,000.00

Annex B



David A. Skeel Jr.
Chair

Members

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

July 7, 2023

Mr. Richard Cruz Franqui
General Counsel
Puerto Rico Electric Power Authority

Re: Ankura Consulting Group, LLC

Dear Mr. Cruz Franqui,

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed contract between the Puerto Rico Electric Power Authority (“PREPA”) and Ankura Consulting Group, LLC (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Mr. Cruz Franqui

July 7, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to PREPA and solely with respect to the Proposed Contract.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

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PUERTO RICO ELECTRIC POWER AUTHORITY – ANKURA CONSULTING GROUP, LLC

Fiscal Plan Alignment

This review covers the Proposed Contract between PREPA and Ankura Consulting Group, LLC (the “Consultant”) for the provision of professional, technical, and consulting services necessary for PREPA’s operations. Specifically, the Consultant’s scope of work contemplates:

- Coordinate and support PREPA’s privatization initiatives;
- Lead negotiations on fiscal plan revisions, provide strategic guidance, reporting and support, of operational initiatives identified for the Fiscal Year 24 fiscal plan;
- Support and monitor Fiscal Year 2024 budget-to-actual reporting to the Oversight Board and internal tracking of operating trends and financial performance to ensure fiscal plan compliance;
- Power system infrastructure planning;
- Continue to provide daily and weekly cash flow budgeting, reporting, KPIs, supporting analytics and presentation materials to key stakeholders;
- Participate and provide support in matters related to PREPA’s relevant stakeholders, including ongoing mediation efforts mandated by the Title III Court;
- Support, assist and advise PREPA on strategy, oversight and reporting related to permanent restoration projects;
- Market test interest rate swaps and bonds;
- Lead, support development and establish reporting for operational initiatives tracking to the applicable Certified Fiscal Plan;
- Provide strategic support on development for various work streams related to PREPA’s operations;
- Assist the Program Management Innovation Office on designing and implementing key initiatives at the core of PREPA’s Certified Fiscal Plan, including new operational and related initiatives, reporting and others, in the 2023 Certified Fiscal Plan; and
- Provide strategic support to PREPA and its senior executives, as requested, as well as PREPA’s Executive Director and its Governing Board.

PREPA’s submission includes a certification from the Office of Management and Budget (the “OMB”) indicating that the Proposed Contract complies with an exception provided in Circular Letter 013-2021 regarding the requirement of competitive procurement processes for professional services contracts. Specifically, the OMB determined that the services contemplated under the Proposed Contract comply with the exception of previously contracted services and, consequently, the continuation of such services is necessary to fulfill the original contractual purpose.

The Proposed Contract has a maximum payable amount of **\$6,600,000**, and a term from its date of execution to **June 30, 2024**, with the option to extend upon written agreement. We remind PREPA that in the event it intends to exercise any extension contemplated under the Proposed Contract, such extension must be submitted to the Oversight Board for review and approval prior to execution in accordance with the Policy.

APPENDIX A

(Page A-2)

The Proposed Contract shall be payable with a General Funds allocated **Account No. 01-4019-92319-556-673**, which pertains to the *HoldCo-Operations Expenses – Non-Labor/Other Operating expenses: PREPA Restructuring & Title III* line item. PREPA has certified that the funds required for payments under the Proposed Contract are allocated in the corresponding account.

As such, the Oversight Board's review indicates that the PREPA has sufficient budgeted funds to cover the cost of the Proposed Contract as of the date of this letter. This determination does not consider the extent to which total available funds will be subsequently encumbered by the PREPA throughout the Proposed Contract's term. Consequently, we rely on the PREPA's budget certification for purposes of this review. In the event that the Proposed Contract causes PREPA to exceed its budget, it must identify savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Fiscal Year 2024 Certified PREPA Budget.

PREPA is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A and to request a re-review of the Proposed Contract should any changes occur.

This review was conducted on the basis of information submitted by the PREPA. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.