

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

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

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

**SUBJECT:** Resolution and Order pertaining  
to PREPA's July 7 Motions.

**RESOLUTION AND ORDER**

On June 25, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("June 25 Resolution") through which it modified the Proposed Consolidated Fiscal Year 2024 ("FY24") Budget submitted by LUMA Energy, LLC and LUMA Energy ServCo, LLC ("LUMA") and approved the modified budgets subject to compliance with various orders included in the June 25 Resolution.

In what is relevant to the present Resolution and Order, the Energy Bureau ordered the Puerto Rico Electric Power Authority ("PREPA") 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.

On July 7, 2023, PREPA filed a document titled *Motion to Submit PREPA's Contract for Professional Services in Compliance with Portion of the June 25 Order and Urgent Request for Approval* ("July 7 First Motion"). Through the July 7 First Motion, PREPA submitted a contract titled Professional Services Agreement executed by PREPA on June 30, 2023, between PREPA and O'Melveny Myers LLP ("O'Melveny Contract") for review and approval by the Energy Bureau.<sup>1</sup> PREPA stated that said agreement was negotiated prior to the June 25 Resolution, approved by its Governing Board on June 24, 2023, and approved by the Financial Oversight and Management Board for Puerto Rico ("FOMB") on June 26, 2023,<sup>2</sup> for a quantity not to exceed nine million dollars and to enter in effect from July 1, 2023 until June 30, 2024.<sup>3</sup> PREPA maintained that it was imperative that the Energy Bureau review and approve the O'Melveny Contract as the referenced firm provides PREPA legal services in connection with its ongoing operational and financial restructuring, litigation in the Title III case, mediation, fiscal plan issues, among others.<sup>4</sup> PREPA indicated that the O'Melveny Contract was subject to the Bankruptcy Advisor Cost portion of the FY24 approved budget.<sup>5</sup> According to PREPA, these professional services are warranted and it would be detrimental for PREPA that they be suspended.<sup>6</sup>

On July 7, 2023, PREPA filed a document titled *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* ("July 7 Second Motion"). Through the July 7 Second Motion, PREPA submitted twenty-four (24) contracts between PREPA and multiple contractors for review and approval by the Energy Bureau.<sup>7</sup> PREPA expressed that these contracts were

<sup>1</sup> Exhibit A of the July 7 First Motion.

<sup>2</sup> Exhibit B of the July 7 First Motion.

<sup>3</sup> July 7 First Motion, p. 2, ¶ 4.

<sup>4</sup> *Id.*, ¶ 5.

<sup>5</sup> *Id.*, p. 3, ¶ 6.

<sup>6</sup> *Id.*

<sup>7</sup> Annex A of the July 7 Second Motion. PREPA also provided a link to a sharefile with copies of each listed contract.



executed before submittal to the Energy Bureau due to error or inadvertence of PREPA's legal affairs office who acted in the ordinary course of business of PREPA's procurement process, to not disrupt the services required by PREPA.<sup>8</sup> PREPA maintained that it was imperative that the Energy Bureau review and approve these contracts as these contractors provide PREPA legal, security, technical, and financial services in connection with PREPA's day-to-day operational activities, which are required for its continued operations.<sup>9</sup>

On July 7, 2023, PREPA filed a document titled *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* ("July 7 Third Motion"). Through the July 7 Third Motion, PREPA submitted eight (8) proposed contracts between PREPA and multiples contractors for review and approval by the Energy Bureau.<sup>10</sup> PREPA indicated that the contract with the firm Ankura Consulting Group, LLC was reviewed and approved by the FOMB on July 7, 2023.<sup>11</sup> PREPA sustained that it was imperative that the Energy Bureau review and approve these contracts as these contractors provide PREPA technical support services in connection with PREPA's day-to-day operational activities, which are required for its continued operations.<sup>12</sup>

The Energy Bureau **DETERMINES** that PREPA did not comply with the criteria necessary for the Energy Bureau's review of the contracts submitted with the July 7 Motions. In order to review and get the Energy Bureau's approval<sup>13</sup> of these contracts, PREPA must specify: 1) if these are the totality of the contracts to be executed during FY24 and 2) how the amounts referenced pertaining these contracts fit within the FY24 Approved Budget.<sup>14</sup>

Therefore, the Energy Bureau **ORDERS** PREPA to on or before **Friday, July 14, 2023**, identify the budgeted line items from the Non-Labor Expenses Category that the contracts fall within and ensure that the referenced amounts are within the budgeted amounts for FY24 considering the totality of the contracts to be executed during FY24.

The Energy Bureau **ORDERS** PREPA to certify that there is no duplicity of scopes of work between the efforts handled by LUMA, Genera PR, LLC, and PREPA.

Be it notified and published.



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<sup>8</sup> July 7 Second Motion, p. 2, ¶ 5.

<sup>9</sup> *Id.*, pp. 2 - 3, ¶ 6.

<sup>10</sup> Annex A of the July 7 Third Motion. PREPA also provided a link to a sharefile with copies of each listed contract.

<sup>11</sup> July 7 Third Motion, p. 2, ¶ 5; Annex B.

<sup>12</sup> *Id.*, p. 2 ¶ 6.

<sup>13</sup> The Energy Bureau's review and approval at this time is limited to verifying that the amounts of the totality of the contracts subject to approval fall within the Approved FY24 Budget.

<sup>14</sup> See Attachment E and F of the June 25 Resolution and Appendix A (Page A-3) of PREPA's FY24 Budget as approved by the FOMB.






Edison Avilés Deliz  
Chairman



Lillian Mateo Santos  
Associate Commissioner



Sylvia B. Ugarte Araujo  
Associate Commissioner



Antonio Torres Miranda  
Associate Commissioner

### CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on July 11, 2023. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. Also certify that on July 11, 2023, I have proceeded with the filing of this Resolution and Order and was notified by email to pre@promesa.gov; margarita.mercado@us.dlapiper.com; ana.rodriguezrivera@us.dlapiper.com; mvazquez@diazvaz.law; jmarrero@diazvaz.law; brannen@genera-services.com; kbolanos@genera-pr.com; regulatory@genera-pr.com; jfr@sbglaw.com; alopez@sbglaw.com. I also certify that on July 11, 2023, I have -moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign in San Juan, Puerto Rico, today, July 11, 2023.



Sonia Seda Gaztambide  
Clerk