

**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 *Urgent Request for Approval of Four Contracts for Professional Services in Compliance with the June 25 and July 11 Orders*, filed by the Puerto Rico Electric Power Authority.

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 (collectively referred to as, "LUMA") and approved the modified budgets subject to compliance with various orders in the June 25 Resolution.

Through the June 25 Resolution, the Energy Bureau ordered the Puerto Rico Electric Power Authority ("PREPA") to file for review and approval, any new contract or amendment to an existing contract, before executing or making any award of such contract or amendment.

On July 7, 2023, PREPA submitted various contracts between PREPA and multiple contractors for review and approval by the Energy Bureau.

On July 11, 2023, the Energy Bureau issued a Resolution and Order through which it determined that PREPA did not comply with the criteria for the Energy Bureau's review of the contracts submitted with the July 7 Motions. The Energy Bureau highlighted that to review and grant approval of these contracts, PREPA had to 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. Hence, the Energy Bureau granted PREPA until Friday, July 14, 2023 to 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 also ordered PREPA to certify that there was no duplicity of scopes of work between the efforts handled by LUMA, Genera PR, LLC ("Genera"), and/or PREPA.

On July 12, 2023, PREPA filed a document titled *Urgent Request for Approval of Four Contracts for Professional Services in Compliance with the June 25 and July 11 Orders* ("July 12 Motion"). Through the July 12 Motion, PREPA submitted four (4) contracts for professional services between PREPA and multiples contractors for review and approval by the Energy Bureau for services to be rendered from July 1, 2023 to June 30, 2024. PREPA submitted the proposed contract for the Díaz & Vázquez Law Firm PSC ("D&V Contract") for \$3.350MM.¹ PREPA stated that of the referenced amount, \$2MM corresponds Bankruptcy Title III Advisor Costs portion of the FY24 Budget, and the other \$1.350MM corresponds to the HoldCo Non-Labor Expenses Category, for the HoldCo Operating and Capital Expenditures portion of FY24 Budget.²

PREPA also resubmitted the contract for O'Melveny Myers LLP ("O'Melveny Contract"), a legal firm that provides PREPA legal services in connection with its ongoing operational and financial restructuring, litigation in the Title III case, mediation, fiscal plan issues, among

¹ July 12 Motion, p. 3, ¶ 7.

² *Id.*



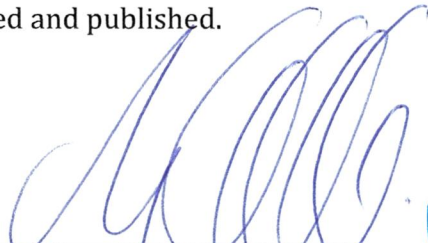
others.³ PREPA indicated that the O'Melveny contract is in the amount of \$9MM and is subject to the Bankruptcy Title III Advisor Costs portion of the FY24 Budget.⁴ PREPA also resubmitted the contract for Ankura Consulting Group, LLC ("Ankura Contract"), PREPA's financial advisor on matters such as fiscal plan revisions, reporting to the Financial Oversight and Management Board for Puerto Rico ("FOMB") and other initiatives.⁵ PREPA stated that the Ankura Contract is for \$6.6MM and is subject to the Bankruptcy Title III Advisor Costs portion of the FY24 Budget.⁶ Last, PREPA submitted the contract with King & Spalding LLP ("King and Spalding Contract") for the amount of \$1MM, also subject to the Bankruptcy Advisor Title III Costs of the FY24 Budget.⁷

PREPA maintained that the amounts for the four (4) referenced contracts are within the budgeted amounts for FY24 considering the totality of the contracts to be executed during FY24.⁸ PREPA certified that the works to be executed by the referenced contractors are not duplicative of the scopes of work handled by LUMA and Genera.⁹


Upon review, the Energy Bureau **APPROVES** the D&V Contract for \$3.350MM; the O'Melveny Contract in the amount of \$9MM; the Ankura Contract for \$6.6MM; and the King and Spalding Contract in the amount of \$1MM.

Pertaining the D&V Contract, the Energy Bureau **GRANTS** PREPA **three (3) business days** to identify the budgeted line item from the Non-Labor/ Other Operating Expenses Category that the \$1.350MM corresponds to.¹⁰

Be it notified and published.


Edison Avilés Deliz
Chairman


Lillian Mateo Santos
Associate Commissioner


Sylvia B. Ugarte Araujo
Associate Commissioner


Antonio Torres Miranda
Associate Commissioner



³ *Id.*, p. 4, ¶ 9.

⁴ *Id.*, p. 5, ¶ 11.

⁵ *Id.*, p. 4, ¶ 9; p. 6 ¶ 13.

⁶ *Id.*, p. 6, ¶ 13.

⁷ *Id.*, pp. 6 – 7, ¶ 15.

⁸ *Id.*, p. 7, ¶ 16.

⁹ *Id.*, ¶ 17.

¹⁰ For reference, refer to Appendix A (Page A-3) PREPA's FY24 Budget as approved by the FOMB.

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on July 13, 2023. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. Also certify that on July 13, 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@sbgblaw.com; alopez@sbgblaw.com. I also certify that on July 13, 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 13, 2023.


Sonia Seda Gaztambide
Clerk

