

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

NEPR Received: Jul 14, 2023 7:10 PM
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IN RE: REVIEW OF LUMA'S INITIAL BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: PREPA's Informative Motion in Compliance with the July 11 and July 13 Orders

**PREPA's INFORMATIVE MOTION IN COMPLIANCE
WITH THE JULY 11 AND JULY 13 ORDERS**

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 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,

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

LLC (collectively, “LUMA”), Genera-PR, LLC (“Genera”) and PREPA (“June 25 Order”).

3. The June 25 Order included a series of orders to PREPA including ordering 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”. See June 25 Order at p. 31.

4. In response, on July 7, 2023, PREPA filed with the Energy Bureau various motions requesting approval of certain PREPA contracts (“July 7 Motions”).²

5. As a result of the above, on July 11, 2023, the Energy Bureau entered *Resolution and Order* (“July 11 Order”) determining that in order for the Energy Bureau to review and approve the contracts submitted with the July 7 Motions, PREPA must specify (i) if these are the totality of the contracts to be executed during FY24 and (ii) how the amounts referenced pertaining these contracts fit within the FY24 Approved Budget.”

6. Consequently, the Energy Bureau ordered PREPA to “on or before [today] 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”. Also, through footnote 13 the Energy Bureau clarified that their “review and approval at this time is limited

² *Motion to Submit PREPA’s Contract for Professional Services in Compliance with Portion of the June 25 Order and Urgent Request for Approval* dated July 7, 2023; *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* dated July 7, 2023; *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* dated July 7, 2023, (“July 7 Motions”).

to verifying that the amounts of the totality of the contracts subject to approval fall within the Approved FY24 Budget.” Lastly, the Energy Bureau ordered PREPA to certify that there is no duplicity of scopes of work between the efforts handled by LUMA, Genera, and PREPA.

7. Thereafter, on July 12, 2023, PREPA submitted 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”) whereby, PREPA submitted to the Energy Bureau for approval four professional and legal services contracts which funds assignment correspond to the budget allocation approved in the Bankruptcy Advisor Title III Costs as approved in the June 25 Order.

8. On July 13, 2023, the Energy Bureau approved the contracts as submitted in the July 12, Motion, and also ordered PREPA to identify and submit to the Energy Bureau in three business days the budgeted line item from the Non-Labor Other Operating Expenses category that the \$1.350MM in the Díaz and Vázquez Law Firm PSC (“Díaz & Vazquez Contract”) contract corresponds to.

9. In compliance with the July 13 Order, PREPA informs the Honorable Energy Bureau that it has determined to allocate for the remainder of the Díaz & Vázquez Contract the amount of \$200,000.00 from the legal services budgeted line item in the FY 2024 Non-Labor Other Operating Expenses Category budget as approved by the Energy Bureau.

10. Also, In compliance with the July 11, PREPA informs this Honorable Energy Bureau that (i) the contracts submitted in the July 7 Motions are not the totality of the contracts to be executed during FY24 and (ii) PREPA is currently evaluating the submitted contracts through the July 7 Motions and others to ascertain the contracts are within the budgeted amounts for FY24. After said analysis, PREPA will submit contracts for the Energy Bureau’s approval on a rolling basis, specifying the budget line item they correspond to. Therefore, PREPA requires additional

time to comply with the July 11 Order.

11. Furthermore, PREPA informs this Energy Bureau that it is withdrawing the following contracts, which pertain to the legal services budgeted line items from the Non-Labor Expenses Category, from the request to review and approve submitted through the July 7 Motions, since PREPA is reassessing the priority and amounts in accordance with the Energy Bureau’s requirements and specifically the FY2024 approved budget.

CONTRACTOR	SERVICES TO PROVIDE	PROPOSED AMOUNT
Elda Magaly Rodriguez Cora (2024-P00004)	The Consultant will assist PREPA, among other matters, providing professional services required in connection with disciplinary cases arising under Article XLI, Disciplinary Procedure, Collective Bargaining Agreement between UTIER and PREPA.	\$ 35,000.00
Global Consultas Asociados (2023-P00009)	The Consultant will assist PREPA, among other matters, providing legal representation in eminent domain cases, appraisals and surveying of properties, and acquisition of land rights.	\$ 240,000.00
Prime Counselors PSC. (2022-P00106A)	The Consultant will assist PREPA, among other matters, providing legal services, legal opinions, review and drafting of laws	\$ 230,000.00
Ramon Mendoza Rosario (2022-P00102A)	The Consultant will assist PREPA, among other matters, providing legal services.	\$ 75,000.00
Victor Manuel Ruiz Perez (2022-P00103A)	The Consultant will assist PREPA, among other matters, providing technical advice in the field of electrical engineering and appearances before the Courts.	\$ 170,000.00

12. As stated before, PREPA will proceed to submit to the Energy Bureau on a rolling basis the contracts for FY2024, in compliance with the requirements of the June 25 and July 11 Orders.

WHEREFORE, PREPA respectfully requests the Energy Bureau to **FIND** PREPA in compliance with the July 11 and 13 Orders, **GRANT** PREPA’s request to withdraw the five contracts for legal services and **ALLOW** PREPA additional time to complete the above-stated evaluation in order to comply with the June 25 and July 11 orders.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th 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 ana.rodruiguezrivera@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 14th day of July 2023.

/s Joannely Marrero-Cruz
Joannely Marrero Cruz