

**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 Informative Motion in Compliance with the July 11 and July 13 Orders and Request for Approval of Five 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 ("July 11 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.

Upon review, on July 13, 2023, the Energy Bureau, approved the following four (4) contracts for professional services as requested by PREPA in its July 12 Motion: 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 granted 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.



On July 14, 2023, PREPA filed a document titled *Informative Motion in Compliance with the July 11 and July 13 Orders* (“July 14 Informative Motion”). In its July 14 Informative Motion, PREPA indicated that it had determined to allocate for the remainder of the D&V Contract the amount of \$200,000 from the legal services budgeted line item in the FY 2024 Non-Labor Other Operating Expenses Category Budget as approved by the Energy Bureau.<sup>1</sup>

PREPA also informed that the contracts submitted with the July 7 Motions were not the totality of the contracts to be executed during FY24 and that it would submit contracts for the Energy Bureau’s approval on a rolling basis, specifying the budget line item to which they correspond.<sup>2</sup> As such, PREPA expressed that it needed additional time to comply with the July 11 Order.<sup>3</sup>

1 Furthermore, PREPA informed that it was withdrawing certain contracts submitted in its July 7 filings which pertain to the legal services budgeted line item from the Non-Labor Expenses Category, since PREPA is reassessing the priority and amounts in accordance with the Energy Bureau’s requirements and specifically the FY24 approved budget.<sup>4</sup>

2 On July 14, 2023, PREPA also filed a document titled *Request for Approval of Five Contracts for Professional Services in Compliance with the June 25 and July 11 Orders* (“July 14 Request”). In its July 14 Request, PREPA submitted five (5) proposed contracts for professional services between PREPA and multiples contractors for review and approval by the Energy Bureau. Three (3) of the referenced proposed contracts correspond to the legal services line item in the HoldCo Non-Labor Expenses Category for the HoldCo Operating and Capital Expenditures portion of the approved FY24 Budget.<sup>5</sup> The three (3) contractors are: Global Consultas Asociados, Víctor Manuel Ruiz Pérez, and González and Martínez Offices P.S.C. The proposed amounts for these contracts are: \$20,000; \$20,000; and 350,000, respectively.<sup>6</sup>

3 The fourth proposed contract submitted by PREPA is with Baker Donelson Caribe LLC for the amount of \$200,000, which corresponds to the Bankruptcy Title III Advisor Costs portion of the FY24 Budget.<sup>7</sup> Last, PREPA submitted a contract for Regulatory Compliance Services Corp. for the amount of \$250,000.<sup>8</sup> Of this amount, \$200,000 corresponding to the Bankruptcy Title III Advisor Costs portion of the FY24 Budget and \$50,000 to the legal services line item in the HoldCo Non-Labor Expenses Category for the HoldCo Operating and Capital Expenditures portion of the approved FY24 Budget.<sup>9</sup>

4 PREPA affirmed that the referenced amounts for the contracts previously identified are within the budgeted amounts for FY24 considering the totality of the contracts to be executed during FY24.<sup>10</sup> PREPA also certified that the works to be executed by the referenced contractors are not duplicative of the scopes of work handled by LUMA and Genera.<sup>11</sup>

<sup>1</sup> July 14 Informative Motion, p. 3, ¶ 9.

<sup>2</sup> *Id.*, ¶ 10.

<sup>3</sup> *Id.*, pp. 3 – 4, ¶ 10.

<sup>4</sup> *Id.*, p. 4, ¶ 11.

<sup>5</sup> July 14 Request, p. 3, ¶ 7.

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

<sup>7</sup> *Id.*, ¶ 8.

<sup>8</sup> *Id.*, p. 4, ¶ 10.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*, pp. 4 – 5, ¶ 12.

<sup>11</sup> *Id.*, p. 5, ¶ 13.



The Energy Bureau **TAKES NOTICE** of the July 14 Informative Motion and **GRANTS** PREPA's request to withdraw the five (5) contracts identified in its filing and to submit the remaining contracts for FY24 on a rolling basis. Pertaining the D&V Contract, the Energy Bureau ordered PREPA to identify the budgeted line item from the Non-Labor/ Other Operating Expenses Category to which the \$1.350MM corresponds. In its July 14 Informative Motion, PREPA indicated that it had determined to allocate for the remainder of the D&V Contract the amount of \$200,000 from the legal services budgeted line item in the FY 2024 Non-Labor Other Operating Expenses Category Budget as approved by the Energy Bureau. Hence, the Energy Bureau **ORDERS** PREPA to, within **three (3) business days**, clarify to which line item from the Non-Labor/ Other Operating Expenses Category the remaining \$1.350MM corresponds.<sup>12</sup>

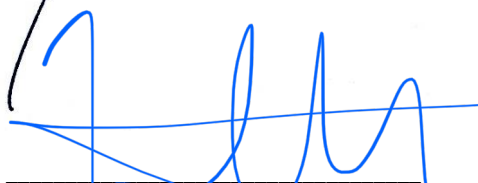
Upon review of the July 14 Request, the Energy Bureau **APPROVES** the Global Consultas Asociados Contract in the amount of \$20,000; the Víctor Manuel Ruiz Pérez Contract in the amount of \$20,000; the González and Martínez Offices P.S.C. Contract in the amount of \$350,000; the Baker Donelson Caribe LLC Contract in the amount of \$200,000; and the Regulatory Compliance Services Corp. Contract in the amount of \$250,000.

The Energy Bureau **ORDERS** PREPA to submit, in its future filings, a table including the approved and proposed contracts, the amounts approved and proposed for those contracts, the line items from the Non-Labor/ Other Operating Expenses Category that they correspond to, and the remaining balance of budgeted amount for Non-Labor Expenses (\$11.7MM), as approved in the June 25 Resolution<sup>13</sup>. The Energy Bureau **HIGHLIGHTS** that as approved in the June 25 Resolution, the approved Non-Labor Operating Expenses for HoldCo during FY24, as adjusted, of \$11.772MM, include \$7.95MM for Retiree Medical Benefits,<sup>14</sup> resulting in a net amount of \$3.822MM for contracts and other applicable expenses.

Be it notified and published.

  
Edison Avilés Deliz  
Chairman

  
Lillian Mateo Santos  
Associate Commissioner

  
Ferdinand A. Ramos Soegaard  
Associate Commissioner

  
Antonio Torres Miranda  
Associate Commissioner



<sup>12</sup> For reference, refer to Appendix A (Page A-3) PREPA's FY24 Budget as approved by the FOMB.

<sup>13</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.

<sup>14</sup> June 25 Resolution, p. 24.

## CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on July 19, 2023. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. Also certify that on July 19, 2023, I have proceeded with the filing of this Resolution and Order and was notified by email to [pre@promesa.gov](mailto:pre@promesa.gov); [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com); [ana.rodriquezrivera@us.dlapiper.com](mailto:ana.rodriquezrivera@us.dlapiper.com); [mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law); [jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law); [brannen@genera-services.com](mailto:brannen@genera-services.com); [kbolanos@genera-pr.com](mailto:kbolanos@genera-pr.com); [regulatory@genera-pr.com](mailto:regulatory@genera-pr.com); [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com); [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com). I also certify that on July 19, 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 19, 2023.



  
\_\_\_\_\_  
Sonia Seda Gaztambide  
Clerk