

**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 pertaining to *Motion to Submit the Amended Contract in Compliance with the July 19 Order*, filed by the Puerto Rico Electric Power Authority.

RESOLUTION

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 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, among them the Díaz & Vázquez Contract ("D&V Contract") in the amount \$3.350MM. PREPA stated that of the referenced amount, \$2MM corresponds to the 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. Nonetheless, PREPA did not specify the budgeted line item from the Non-Labor/ Other Operating Expenses Category that the \$1.350MM corresponds to.

On July 13, 2023, the Energy Bureau, approved the four (4) contracts for professional services as requested by PREPA in its July 12 Motion, including the D&V Contract. Further, 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 \$1.35 MM 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.

On July 19, 2023, the Energy Bureau granted PREPA three (3) business days to clarify to which line item from the Non-Labor/Other Operating Expenses Category the remaining \$1.35 MM corresponds to ("July 19 Resolution").

On July 20, 2023, PREPA filed a document titled *Motion to Submit the Amended Contract in Compliance with the July 19 Order* ("July 20 Motion"). Through its July 20 Motion, PREPA clarified that it made reductions in the line item budgets to comply with the approved budget.¹ Particularly, PREPA indicated that the D&V Contract was reduced from \$3.35 MM to \$2.2 MM. PREPA further expressed that \$2 MM corresponds to the Bankruptcy Title III Advisor Costs portion of the FY24 Budget and the other \$200,000 corresponds to the Non-Labor/Other Operating Expenses Category. Hence, PREPA requested that the Energy Bureau

¹ July 20 Motion, p. 4, ¶ 11.

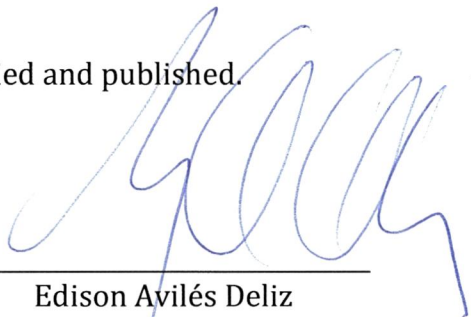


take notice of the referenced contract amendment and approve the revised D&V Contract. PREPA also requested that the Energy Bureau find PREPA in compliance with the July 19 Resolution.

The Energy Bureau **TAKES NOTICE** of the July 20 Motion and **APPROVES** the D&V Contract amendment. However, the Energy Bureau **DETERMINES** that PREPA did not comply with the July 19 Resolution whereby the Energy Bureau ordered 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 to which they correspond, and the **remaining balance of budgeted amount for Non-Labor Expenses** (\$11.7 MM) by line-item, as approved in the June 25 Resolution.² Therefore, the Energy Bureau **REITERATES** that PREPA must submit in all future filings the referenced table.

The Energy Bureau **WARNS** PREPA that, noncompliance with the provisions of this Resolution and Order, may result in the imposition of fines pursuant to Article 6.36 of Act 57-2014.³

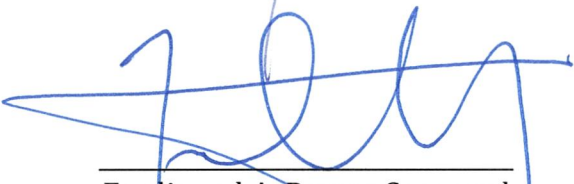
Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner


CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on August 3, 2023. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. Also certify that on August 3, 2023, I have proceeded with the filing of this Resolution 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 August 3, 2023, I have moved forward with filing the Resolution issued by the Puerto Rico Energy Bureau.

For the record, I sign in San Juan, Puerto Rico, today, August 3, 2023.



Sonia Seda Gaztambide
Clerk



² See Attachment E and F of the June 25 Resolution and for line-item detail see Appendix A (Page A-3) of PREPA's FY24 Budget as approved by the FOMB.

³ Puerto Rico Energy Transformation and RELIEF Act, as amended (Act 57-2014”).