

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

NEPR

Received:

Aug 24, 2023

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IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: PREPA'S Request for Extension
of Time to Comply the August 14 Resolution
and Order

**PREPA'S REQUEST FOR EXTENSION OF TIME TO COMPLY WITH
THE AUGUST 14 RESOLUTION AND ORDER**

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's ("Energy Bureau") 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

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

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

3. Through the June 25 Order, the Energy Bureau ordered 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.

4. In response, between July 7 and July 20, 2023 PREPA submitted various contracts between PREPA and multiple contractors for review and approval by the Energy Bureau.²

5. Furthermore, on July 28, 2023, PREPA filed a document titled *Informative Motion and Request for Remedy* ("July 28 Informative Motion"). Through the July 28 Informative Motion, PREPA requested authorization to use funds from its Federal Emergency Management Agency (“FEMA”) reimbursement account for budgetary funding in excess of the Energy Bureau’s approved amounts that PREPA deems necessary.

6. On August 14, 2023, the Energy Bureau issued a *Resolution and Order* (“August 14 Order”). In the August 14 Order, the Energy Bureau stated that in its determination of the proper budget allocation for PREPA, decreased the total HoldCo and HydroCo Operating Budgets from \$53,367 million to \$21.975 and from \$18.324 to \$13.520 respectively. Additionally, the Energy Bureau specified that PREPA proposed \$41.071 million for HoldCo Non-labor expenses and

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; *Urgent Request for Approval of Four Contracts for Professional Services in Compliance with the June 25 and July 11 Orders* dated July 12, 2023; *PREPA’s Informative Motion in Compliance with the July 11 and July 13 Orders* dated July 14, 2023 and *Motion to Submit the Amended Contract in Compliance with the July 19 Order* dated July 20 2023.

\$8.455 million for HydroCo Non-labor Expenses. The Energy Bureau reduced these to \$11.772 million and \$5.470 million respectively. The Energy Bureau then proceeded to state its mandate to ensure prudent use of ratepayer funds and expressed that unjustified reliance on external consultants is unacceptable arguing that PREPA's proposed budgets and contracts should reflect judicious coordination between internal personnel and strictly necessary supplemental consulting engagements.

7. Furthermore, in the August 14 Order the Energy Bureau, among other things, ordered PREPA to comply within 10 calendar days (i.e. today, August 24, 2023) with the following request for information:

- a) Provide the Energy Bureau with documentation of the steps that PREPA has undertaken and other support as PREPA may deem appropriate, to ensure that the contracts for which it seeks approval, are the most cost effective available;
- b) provide with each request for contract approval, documentation of the steps that PREPA has undertaken and other support as PREPA may deem appropriate, to ensure that the contracts for which it seeks approval, are the most cost effective available;
- c) provide demonstrated need of external consulting contracts adapted to the increased use of the existing T&D OMA and LGA OMA contractual realities of the entities that represent PREPA for most of its operational responsibilities and related regulatory matters;
- d) provide a detailed demonstration of how PREPA's internal personnel and resources are being leveraged before proposing additional external consulting services;
- e) provide evidence of sufficient internal controls and active supervision to confirm that ratepayer funds used for external consulting services are used judiciously;
- f) demonstrate to the satisfaction of the Energy Bureau that it has exhausted all efforts in seeking to obtain and negotiate the most cost-effective contract possible for services rendered by KPMG - see criteria set forth in (a) above - or re-negotiate and 4 resubmit that contract for approval.

8. Upon receiving the August 14 Order, PREPA's HoldCo and HydroCo officials met to discuss the Order and the directed information requests. Since, PREPA has been working diligently to gather the responsive and corresponding information in order to comply with the August 14 Order. Notwithstanding, given the level of detail required, PREPA is in the process of compiling the necessary information to complete its response.

9. Consequently, PREPA respectfully requests the Energy Bureau to grant an extension of time of six (6) days, until September 1, 2023, to provide its responses in compliance with the August 16 Order.

10. This request is made in good faith, with no intention to delay the Energy Bureau's adjudication, and in an effort to provide the most complete and clear response in order to receive access to the funds PREPA requires to effectively operate, as PREPA is the party affected with the limited approved FY2024 budget.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE** of the information provided, and **GRANT** the Request for Extension until September 1, 2023 to comply with the August 14 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 24th day of August 2023.

/s Maralíz Vázquez-Marrero

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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 laura.rozas@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 24th day of August 2023.

/s Joannely Marrero-Cruz
Joannely Marrero Cruz