

**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: *Urgent Motion to Submit the McGuire Woods Contract for the Energy Bureau's Review and Approval*, 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. The Energy Bureau further 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 ("PREPA contracts").

Through Resolutions issued on July 19, August 3, and August 14, 2023, the Energy Bureau ordered PREPA to submit in all future filings the approved and proposed contracts, the amounts approved and proposed for those contracts, the line items from the category to which they correspond, and the remaining balance for that category considering said amounts.

On September 2, 2023, PREPA filed a document titled *Urgent Motion to Submit the McGuire Woods Contract for the Energy Bureau's Review and Approval* ("September 2 Motion"). In its September 2 Motion, PREPA submitted a proposed contract for professional services between PREPA and McGuire Woods, LLP for review and approval by the Energy Bureau.¹ McGuire Woods, LLP will assist and advise PREPA in the management of all aspects of the Hurricane María and earthquake insurance claims, including developing the coverage strategy, and advising on potential litigation strategy.²

PREPA indicated that the referenced proposed contract shall be in effect from its execution until June 30, 2024 and shall not exceed a cumulative amount of \$2.6MM.³ PREPA stated that said amount **was not part of the FY24 Approved Budget**, as it is subject to compensation through the Federal Emergency Management Agency ("FEMA") assistance reimbursement account.⁴ PREPA also certified that the works to be executed by McGuire Woods, LLP are not duplicative of the scopes of work handled by LUMA and Genera PR, LLC.⁵ Hence, PREPA requested that the Energy Bureau take notice of the information provided and grant approval for PREPA to execute the McGuire Woods, LLP Contract.⁶

The Energy Bureau **GRANTS PREPA one business day** to clarify if the services to be rendered by McGuire Woods, LLP are to be reimbursed by FEMA; to specify the amount that

¹ September 2 Motion, p. 2, ¶ 6.

² *Id.*, pp. 2 - 3, ¶ 6.

³ *Id.*, p. 3, ¶ 7.

⁴ *Id.* It should be noted that PREPA was **ORDERED** to reflect in the budget all funds, including federally funded expenditures.

⁵ *Id.*, p. 4, ¶ 10.

⁶ *Id.*, p. 4.



will be refunded by FEMA and the expected timeline for such reimbursement. The Energy Bureau **HIGHLIGHTS** that it will only allow PREPA to draw money from the FEMA Reimbursement Account if compensation for such services is previously approved by FEMA and in a manner consistent with the FEMA approval.

The Energy Bureau further **WARNS** that if the services to be rendered through the McGuire Woods, LLP Contract are not reimbursed by FEMA or are partially reimbursed, PREPA must identify the budgeted line item of the HoldCo Non-Labor/Other Operating Expenses Category Budget from which the amount not reimbursed will be deducted from.

The Energy Bureau **WARNS** PREPA that, noncompliance with this Resolution and Order, **will result** in the imposition of fines pursuant to Article 6.36 of Act 57-2014.⁷

Be it notified and published.

	
Edison Avilés Deliz Chairman	
	
Lillian Mateo Santos Associate Commissioner	Ferdinand A. Ramos Soegaard Associate Commissioner
	
Sylvia B. Ugarte Araujo Associate Commissioner	Antonio Torres Miranda Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on September 13, 2023. Also certify that on September 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; julian.angladapagan@us.dlapiper.com; mvazquez@diazvaz.law; jmarrero@diazvaz.law; legal@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com.

For the record, I sign in San Juan, Puerto Rico, today, September 13, 2023.


Sonia Seda Gaztambide
Clerk



⁷ Known as the Puerto Rico Energy Transformation and RELIEF Act, as amended.