

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

**NEPR**

**Received:**

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**IN RE:** REVIEW OF LUMA'S INITIAL  
BUDGETS

**CASE NO.:** NEPR-MI-2021-0004

**MOTION IN COMPLIANCE WITH ORDERS AND  
REQUEST FOR APPROVAL OF REVISED PROPOSED BUDGET**

**TO THE PUERTO RICO PUBLIC SERVICE REGULATORY BOARD:**

**COMES NOW** the Puerto Rico Electric Power Authority ("PREPA") through its undersigned legal representation and, very respectfully, informs and requests as follows:

**I. INTRODUCTION**

Pursuant to Puerto Rico's energy public policy, PREPA is undergoing a transformation process with the purpose of ensuring that electric service in Puerto Rico is provided in an efficient manner and at a just price. As part of this transformation process, PREPA has delegated important parts of its responsibilities upon private contractors, to wit, LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly hereafter, "LUMA") and Genera PR, LLC ("Genera"). These changes, in turn, have resulted in a substantial reduction of its workforce. As part of this process, and in compliance with the 2017 Rate Order's mandate that overall revenue requirements for proposed annual budgets must not result in a change to the approved base rates or rate structure, PREPA has undertaken the titanic task of searching for --and finding-- alternative sources of funding for its budgetary needs. Among the alternative sources identified by PREPA are Bad Debt

Recoveries, which include a Global Settlement Agreement for legacy debt balances of certain government agencies in Fiscal Year 2024 ("FY24"), FEMA reimbursements, and the recent settlement of insurance claims arising from Hurricane Maria and the 2020 earthquakes ("Insurance Claims Settlements"). PREPA's efforts have resulted in the recovery and accrual of millions of dollars available to cover the annual budgets.

Notwithstanding PREPA's efforts, on June 25<sup>th</sup>, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") approved a modified budget for PREPA, whereby it significantly reduced PREPA's original proposed budget. The approved budget was divided between PREPA's holding company, HoldCo, and its subsidiary HydroCo LLC ("HydroCo"). No mention was made of PREPA's subsidiary PropertyCo, LLC ("PropertyCo"). On September 22<sup>nd</sup>, 2023, HoldCo's approved budget was increased by the Energy Bureau from \$11.772MM to \$15.445MM. HydroCo's budget remained unchanged, and no budget approval was received for PropertyCo. Predictably, PREPA's FY24 approved budget continues to fall short.

PREPA respectfully reiterates that the currently approved budgets for HoldCo, HydroCo and PropertyCo are insufficient to cover PREPA's basic operations and responsibilities. Accordingly, PREPA hereby submits for the Energy Bureau's review and approval, a revised proposed budget grounded and justified on new supportive material. PREPA respectfully requests the Energy Bureau use the alternative sources of income identified by PREPA, such as the recent Insurance Claims Settlement, to allocate the necessary funds for its budgetary needs. Simply put, and as will be substantiated in the upcoming paragraphs, PREPA requests

a total increase of \$23,700,000.00 in its budget (\$19,600,000.00 for HoldCo and \$4,100,000.00 for HydroCo) in order to fully comply with its operational needs.

In compliance with the *Resolution and Order* entered on September 27<sup>th</sup>, 2023, PREPA hereby submits all contracts for FY24 that have been identified at this time and had not been previously submitted, for the Energy Bureau's review and approval.

## II. RELEVANT PROCEDURAL BACKGROUND

1. On June 25<sup>th</sup>, 2023, the Energy Bureau issued a *Resolution and Order* ("June 25<sup>th</sup> Resolution") whereby it modified and approved the *Consolidated Annual Budgets for Fiscal Year 2024*,<sup>1</sup> subject to compliance with various orders. The June 25<sup>th</sup> Resolution ordered PREPA to, among other things, file with the Energy Bureau for its review and approval any new contract or amendment to an existing contract before its execution or award.

2. On August 16<sup>th</sup>, 2023, the Energy Bureau issued a *Resolution and Order* ("August 16<sup>th</sup> Order") whereby it ordered PREPA to file: (a) a table including the totality of the approved and proposed contracts for Fiscal Year 2024 ("FY 24"), (b) the approved and proposed amounts for those contracts, (c) the line items from the category to which they correspond, and (d) the remaining balance for each category considering said amounts (hereinafter, the "Budgetary Requirements"). The Energy Bureau also reminded PREPA that all executed contracts that were not

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<sup>1</sup> The *Consolidated Annual Budgets for Fiscal Year 2024*, which were submitted by LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly hereafter, "LUMA"), were comprised of the following: (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").

approved or included in the referenced table had to be terminated.

3. On September 1<sup>st</sup>, 2023, PREPA filed its *Motion for Reconsideration of Portions of the August 16 Order and in Compliance with the August 14 Request for Information and the August 16 Order* ("September 1<sup>st</sup> Motion"). In essence, PREPA requested the August 16 Resolution be stayed and reconsidered, particularly as it pertained to its ruling that all contracts not approved by the Energy Bureau had to be immediately terminated. To support its request, PREPA explained that the termination of certain executed contracts would have devastating consequences as it would affect its operations, expose it to civil liability, and force it to breach its obligations under the Title III proceedings, among others.

4. On September 22<sup>nd</sup>, 2023, the Energy Bureau entered a *Resolution and Order* ("September 22<sup>nd</sup> Order") whereby it, among other things, revised the FY24 HoldCo Non-Labor Budget and increased it by \$3.673MM (from \$11.772MM to \$15.445MM), subject to certain reporting requirements (hereinafter, the "Additional Approved Budget"). Per the September 22<sup>nd</sup> Order, the Additional Approved Budget could only be used to cover: (a) "reimbursement to Genera for EPA required remedial work," and (b) "external contracts, and other work considered necessary and prioritized by PREPA."<sup>2</sup>

5. On September 27<sup>th</sup>, 2023, the Energy Bureau entered a *Resolution and Order* whereby it, *inter alia*, approved the McGuire Woods contract in an amount not to exceed \$1.495MM and instructed that the funds for said contract be allocated from the Additional Approved Budget.

6. On that same date, that is, September 27<sup>th</sup>, 2023, the Energy Bureau

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<sup>2</sup> See September 22<sup>nd</sup> Resolution, p. 22.

issued another *Resolution and Order* (“September 27<sup>th</sup> Order”). As part of its rulings, the Energy Bureau ordered PREPA to file “the totality of the contracts PREPA plans to execute for FY24”. The Energy Bureau also warned PREPA “that it must adhere to the approved budgets, and not resubmit, without new supportive material, budgets which are essentially the same or similar to” previous budgets reviewed by the Energy Bureau for FY24.

7. After various procedural incidents, PREPA moved for an extension of time until today, November 6<sup>th</sup>, 2023, to comply with the September 27<sup>th</sup> Order and other related orders.

### **III. ALLOCATION OF ADDITIONAL APPROVED BUDGET**

PREPA moves to obtain the Energy Bureau’s approval of its proposed allocation of the Additional Approved Budget of \$3.673MM, as it impacts other budgetary requests contained herein. See **Annex C - Proposed Allocation of the Additional Approved Budget**. As previously explained, the Additional Approved Budget falls within the FY24 HoldCo Non-Labor Budget.

In compliance with the September 22<sup>nd</sup> Order, PREPA’s proposed allocation of the Additional Approved Budget creates a reserve of \$500,000.00 for “reimbursement to Genera for EPA required remedial work.” These amounts are in addition to the \$1,500,000.00 that PREPA already transferred to Genera for emission payments to the Environmental Protection Agency (EPA) under Title V; the approximately \$150,000.00 for payment to the Puerto Rico Department of Natural Resources for the Cambalache Central; and the \$3,000,000.00 that were transferred to Genera in connection with the EPA RFI SPCC. PREPA deems this reserve to be sufficient to reimburse any costs for required remediation work

during FY24 under the EPA RFI SPCC not covered by the above-mentioned transfers.

In further compliance with the September 22<sup>nd</sup> Order, PREPA has further allocated \$1,495,000.00 for the McGuire Woods contracts. Finally, PREPA seeks to allocate the remaining Additional Approved Budget to cover external contracts and other work considered necessary and prioritized by PREPA. The proposed allocations are the following:

<b>Contract/Reserve</b>	<b>Proposed Allocation<sup>3</sup></b>
Reserved for "EPA required remedial work".	\$ 500,000.00
McGuire Woods	\$1,495,000.00
Global Consultas Asociados, LLC	\$ 100,000.00
Corretjer, LLC	\$ 20,000.00
Eng. Victor Manuel Ruiz	\$ 20,000.00
APPA	\$ 54,298.00
Ramon Mendoza Rosario, Esq.	\$ 20,000.00
González & Martínez Law Offices, PSC	\$ 1,163,000.00
Regulatory Compliance Services, Corp.	\$ 300,000.00
Remaining Additional Approved Budget	\$ 702.00

PREPA respectfully requests that the Energy Bureau approve the above proposed allocation of the Additional Approved Budget. See Annex C.

Further, PREPA moves the Energy Bureau to approve the contracts and/or amendments for Global Consultas Asociados, LLC (**Annex D**); Corretjer, LLC (**Annex E**); Eng. Victor Manuel Ruiz (**Annex F**); Ramon Mendoza Rosario, Esq. (**Annex G**);

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<sup>3</sup> The proposed allocation of the Additional Approved Budget is subject to approval by the Governing Board during its upcoming conference. Once approved by the Governing Board, PREPA will supplement the instant motion with the revised Certification of Funds.

González & Martínez Law Offices, PSC (**Annex H**); and Regulatory Compliance Services, Corp. (**Annex I**).

#### IV. COMPLIANCE WITH THE SEPTEMBER 27<sup>th</sup> ORDER

As previously discussed in this motion, the September 27<sup>th</sup> Order directs PREPA to submit with the Energy Bureau “the totality of the contracts [it] plans to execute for FY24”. PREPA respectfully informs that full compliance with the above-cited request is unfeasible at this time because multiple services that will be contracted in FY24 require competitive processes that have not been yet completed. As such, this information will be provided later in FY24 and, in those line-items, no contract will be identified or produced at this time.

Notwithstanding, and in compliance with the September 27<sup>th</sup> Order, PREPA hereby identifies and/or submits for the Energy Bureau's approval all existing contracts it has executed, plans to execute, or plans to amend during FY24, that have not been previously approved by the Energy Bureau. In compliance with the August 16<sup>th</sup> Order, all contracts are identified and/or submitted along with the Budgetary Requirements. See **Annex A – HoldCo Budget and Annex B – HydroCo Budget**.

The following explanations are important to properly read Annex A and Annex B:

- Column L – *PREB Approved Budget as Distributed by PREPA*: shows PREPA's internal distribution of the Energy Bureau's Approved Budget;
- Column N – *PREPA Additional Requested Budget*: shows PREPA's current request for additional budget, if any, per line item; and
- Column P – *FY24 Approved Budget + Additional Amt Requested*: adds Column L and Column N in order to show the total budget needed by PREPA per line-item.

**a. HoldCo – Non-labor Operating Budget (Annex A)**

**1. Uniforms and Safety Equipment** - See Annex A line-items 33, Exhibit 1 –

Proposed Contract for Safety Zone former NY Wiping (Fire Retardant Uniforms) and

Exhibit 2 – Proposed Contract for Morivivi LLC (Regular Uniforms).

a. Safety Zone: PREPA will execute one contract with Safety Zone to provide Fire Retardant Uniforms both for HoldCo and HydroCo employees, but the contract cost will be proportionally distributed between both budgets. As the employer, PREPA is required to provide statutorily compliant uniforms to its employees under the applicable laws and collective bargaining agreements.

b. Morivivi LLC: PREPA will execute a contract with Morivivi LLC to provide Fire Retardant Uniforms both to HoldCo and HydroCo employees, but the contract cost will be proportionally distributed between both budgets. The Occupational Safety and Regulation Administration and PR Act 16 of August 5, 1975, as amended, require PREPA to provide fire retardant uniforms to operators, electricians, welders, and other personnel that may be exposed to fire.

**2. Génesis Security Services, Inc. South** - See Annex A line-items 52,

Exhibit 3- Original Contract and Exhibit 4 - Amendment. PREPA executed a single

contract with Génesis Security Services, Inc. to provide security services in both

HoldCo's and HydroCo's facilities that are in the Southern part of Puerto Rico.

Notwithstanding, the cost of the contract will be proportionally distributed between

both budgets. The detailed justification for this contract can be found in Exhibit A.

**3. Génesis Security Services, Inc. North** - See Annex A line-items 53,

Exhibit 5- Original Contract and Exhibit 6 - Amendment. PREPA executed a single

contract with Génesis Security Services, Inc. to provide security services in both

HoldCo's and HydroCo's facilities that are in the Northern part of Puerto Rico.

Notwithstanding, the cost of the contract will be proportionally distributed between

both budgets. The detailed justification for this contract can be found in Exhibit A.

**4. Protective Security Systems** - See Annex A line-items 54, Exhibit 7 - Proposed Contract. PREPA will execute a single contract with Protective Security Systems to provide security services for both HoldCo's and HydroCo's facilities. Notwithstanding, the cost of the contract will be proportionally distributed between both budgets. The detailed justification for this contract can be found in Exhibit B.

**5. CCG Consultants** - See Annex A line-items 55, Exhibit 8- Contract. PREPA executed a single contract with Protective Security Systems to provide security services for both HoldCo's and HydroCo's facilities. Notwithstanding, the cost of the contract has been proportionally distributed between both budgets.

The services of CCG Consultants, LLC are needed for regulatory compliance, identifying the necessary security measures, establishing security protocols and policies, as well as designing security plans to protect PREPA's assets, employees, and the general public. In addition, the consultant is the liaison between the Federal Bureau of Investigation (FBI), the Puerto Rico Police Department, the Coast Guard and other state and federal security institutions that require PREPA's intervention. The detailed justification for this contract can be found in Exhibit C.

**6. Ricoh Puerto Rico** - See Annex A line-items 60, Exhibit 9- Contract. PREPA entered into a 60-month lease agreement with Ricoh Puerto Rico for multifunctional machines to be used by PREPA's personnel. The contract was executed in coordination with the General Services Administration (ASG for its Spanish acronym) to honor PREPA the preferential fees offered to governmental agencies.

**7. Payment to Ports Authority** – See Annex A line-items 61. This payment is for PREPA's lease of a land adjacent to the San Juan Central, which is used for

Emergency Temporary Generation under FEMA. The monthly lease payments are for \$6,000.00 from October 2023 to June 2024.

**8. Water Utilities** – See Annex A line-items 62. This payment is for HoldCo's water utilities for FY24.

**9. Regulatory Compliance Services Corp. (Non-Title III)** - See Annex A line-items 69, and Annex I. The Energy Bureau already approved a \$50,000.00 allocation to Regulatory Compliance Services Corp. for non-Title III work. Using the Additional Approved Budget, PREPA seeks to increase this contract from \$50,000.00 to \$200,000.00. The detailed justification for this contract can be found in Exhibit D.

**10. Strategia Legale, LLC (Servicios Legales Locales)** - See Annex A line-items 70. Strategia Legale, LLC will provide legal advice and services on areas such as, but not limited to, public policy, RFPs and/or other competitive procurement processes; legislative matters, including local and/or congressional subpoenas, hearings, and other affairs; administrative procedure; crisis management and public communications advice. The detailed justification for this contract can be found in Exhibit E. No contract can be submitted at this time because there is no approved budget to allocate the funds.

**11. González & Martínez Law Office, P.S.C.** - See Annex A line-items 71, and Annex H. The services of González & Martínez Law Office, P.S.C. ("GM") are critical to PREPA. GM provides legal assistance to PREPA in all matters before the Energy Bureau, public policy formulation, interpretation and drafting of contracts, administrative procedures, legal representation in all civil cases filed against PREPA before the Puerto Rico State Courts and the United States Courts for the First Circuit, as well as the ensuing appellate procedures. GM also provides legal advice to PREPA

in areas of human resources, labor relations, real property, contract and Request for Proposal ("RFP") negotiations, proceedings before both administrative and federal agencies, dealings with unions and collective bargaining agreements, and represents PREPA in over 15,342 active labor claims. The detailed justification for this contract can be found in Exhibit F.

GM's contract was originally approved by the Energy Bureau for \$350,000.00. PREPA has moved the Energy Bureau to authorize an allocation of \$1,163,000.00 from the Additional Budget. As part of its Revised Proposed Budget for HoldCo (Annex A), PREPA is further requesting an additional budget approval of \$1,487,000.00, for a total contract amount of \$3,000,000.00.

**12. Corretjer, LLC** – See Annex A, HoldCo Budget, line-item 72, and Annex E. The services of Corretjer, LLC are needed by PREPA to continue receiving support in specialized litigation and other adversarial proceedings in over 40 civil matters, including administrative forums, arbitration, as well as state and federal courts. The Energy Bureau already approved a \$9,000.00 allocation to Corretjer, LLC. PREPA hereby seeks approval to allocate \$20,000.00 to this contract from the Additional Approved Budget. As part of its Revised Proposed Budget for HoldCo (Annex A), PREPA is requesting an additional budget approval of \$46,000.00, for a total contract amount of \$75,000.00. The detailed justification for this contract can be found in Exhibit G.

**13. Eng. Victor Manuel Ruiz** - See Annex A, HoldCo Budget, line-item 74; and Annex F. Eng. Ruiz is PREPA's only liability expert in all civil cases currently being litigated before the Puerto Rico State Courts and the United States District Court. He serves as an expert witness in cases involving electrical engineering controversies

such as electrocution lawsuits against PREPA. He is currently retained as an expert in dozens of active cases against PREPA. His services are critical to PREPA's defense. The detailed justification for this contract can be found in Exhibit H.

The Energy Bureau approved Eng. Ruiz's contract for \$20,000.00. From the Additional Approved Budget, PREPA is requesting approval to allocate another \$20,000.00 to Eng. Ruiz. Finally, as part of its Revised Proposed Budget for HoldCo (Annex A), PREPA is requesting an additional budget approval of \$10,000.00 for a total contract amount of \$50,000.00.

**14. Ramón M. Mendoza Rosario, Esq.** - See Annex A, HoldCo Budget, line-item 75, and Annex G. Mr. Mendoza Rosario provides legal advice and representation in specialized matters and complex litigation. The detailed justification for this contract can be found in Exhibit I.

**15. Global Consultas Asociados, LLC** - See Annex A, HoldCo Budget, line-items 76 and 112, and Annex D. The services of Global Consultas Asociados, LLC are needed by PREPA's Legal Affairs Directorate to continue receiving support in specialized litigation involving eminent domain cases. They are also needed by the Property, Facilities and Fleet Division to be able to rent or declare certain PREPA real property as surplus, pursuant to applicable laws and regulations. The services to be provided by Global Consultas are specialized, and will include, but will not be limited to: providing appraisals, rent studies, title studies, land measurements, and other related services to 85 facilities under PropertyCo and 49 properties under HydroCo. The detailed justification for this contract can be found in Exhibits J and K.

From the Additional Approved Budget, PREPA is requesting approval from the Energy Bureau to allocate \$300,000.00 to Global Consultas. No additional budget requests are made for this contractor.

**16. King & Spalding LLP** – See Annex A, HoldCo Budget, line-items 77. PREPA seeks to amend its King and Spalding contract from \$100,000.00, which were previously approved by the Energy Bureau, to \$350,000.00. The detailed justification for this contract can be found in Exhibit L. No contract can be submitted at this time because there is no approved budget to allocate the funds.

**17. Fusion Works** - See Annex A, HoldCo Budget, line-items 83 and Exhibit 10. There are three (3) underlying contracts to this line-item: two from the Finance Directorate and one from the new purchasing system for the Procurement Division. The detailed justification for these contracts can be found in Exhibits M and N.

**18. Nexvel** - See Annex A, HoldCo Budget, line-items 84. The detailed justification for this contract can be found in Exhibit O.

**19. LT Automation** - See Annex A, HoldCo Budget, line-items 87, and Exhibits 11 and 12. There are two (2) contracts contemplated under this line-item: OSI PI Vision Licensing Agreement and IT/OT and OSI PI Configuration Services. The detailed justification for this contract can be found in Exhibit P.

**20. ADP** - See Annex A, HoldCo Budget, line-items 88. This contract is for the migration of the actual payroll system, Kronos, to new ADP system. The detailed justification for this contract can be found in Exhibit Q.

**21. HUB 787** - See Annex A, HoldCo Budget, line-items 89. This is required to provide PREPA with 1Gbps ethernet connection between 10 locations near the Hydro

and Property Co assets and HUB 787 building in Isla Verde and an internet access. The detailed justification for this contract can be found in Exhibit R.

**22. Microsoft** - See Annex A, HoldCo Budget, line-items 90. Licensing for Office 360. PREPA is required to use Microsoft software as part of the agreements kept with these companies by the Government of Puerto Rico. These contracts are drafted, maintained, and updated by PRITS. As a public corporation, PREPA adheres to these contracts and benefits from its discounted fees and exclusive benefits which are reserved for the Government and its instrumentalities. PRITS renews these licenses annually. As such, PREPA has the obligation to include these licensing fees in its annual budget, and is responsible for issuance of the required payment to the Puerto Rico Treasury Department once PRITS sends its invoice.

**23. Liberty Business (ATT Mobility)** – See Annex A, HoldCo Budget, line-items 91. The detailed justification for this contract can be found in Exhibit S.

**24. N-Sat** - See Annex A, HoldCo Budget, line-items 92. The detailed justification for this contract can be found in Exhibit T.

**25. RR Donnelly of PR** – See Annex A, HoldCo Budget, line-items 93. The detailed justification for this contract can be found in Exhibit U.

**26. SIDIF del Caribe** – See Annex A, HoldCo Budget, line-items 94. The detailed justification for this contract can be found in Exhibit V.

**27. Oracle** – See Annex A, HoldCo Budget, line-items 95 and Exhibit 20 – Contract Oracle Caribbean Fusion Cloud. There are various contracts under this line-item. First, the licensing of data bases, which is done through PRITS. Second the Oracle Tenant Access, which is explained in Exhibit W.

**28. Cisco Webex** – See Annex A, HoldCo Budget, line-items 96. The detailed justification for this contract can be found in Exhibit X.

**29. Go Daddy LLC** – See Annex A, HoldCo Budget, line-items 95. This service is required for maintaining PREPA's website domain.

**30. Governing Board Compensation** – See Annex A, HoldCo Budget, line-items 98.

**31. Governing Board Travel and Other Reimbursement** – See Annex A, HoldCo Budget, line-items 99.

**32. Governing Board Translation, Transcription and Other Services** – See Annex A, HoldCo Budget, line-items 100. The detailed justification for this contract can be found in Exhibit Y.

**33. Lexis Nexis** – See Annex A, HoldCo Budget, line-items 101. Legal search engine for the Legal Directorate.

**34. Stenographers, Binders, Servants, Deponents and Pacer, Medical, Technical and Other Experts** – See Annex A, HoldCo Budget, line-items 102. The Legal Directorate needs this budget to cover ongoing litigation expenses.

**35. Siemens Industry** – See Annex A, HoldCo Budget, line-items 103.

**36. EDR Solutions, LLC** – See Annex A, HoldCo Budget, line-items 105. PREPA contracted with EDR Solutions, LLC to, among other vital tasks, maximize resources, offering the services of monitoring, analysis, and daily evaluation of news that may have direct or indirect repercussions on PREPA and sending copies of television programs (news), radio or other of interest to PREPA and the public in general. The detailed justification for this contract can be found in Exhibit Y.

**37. Administrative Examiners (Oficiales Examinadores) 5 positions** – See Annex A, HoldCo Budget, line-items 106-108.

**38. Mrs. Blanca Espinosa / Court reporter** – See Annex A, HoldCo Budget, line-items 109.

**39. First Aid Kit Supplies** – See Annex A, HoldCo Budget, line-items 113.

**40. Ruth Hilda Garcia Cintron (Retirement System Managerial Functions Contract)** - See Annex A, HoldCo Budget, line-items 115. The detailed justification for this contract can be found in Exhibit Z.

**41. Social Security Reports Service Agreement** – See Annex A, HoldCo Budget, line-items 116. The detailed justification for this contract can be found in Exhibit AA.

**42. Hogan Lovell's US LLP** – See Annex A, HoldCo Budget, line-items 121. Hogan Lowell provides legal advice and services for environmental matters, and represents PREPA in the PROTECO Superfund Site matter and has retained the services of Roux and Associates to perform an expert analysis of the contaminants and their PRPs to actually determine PREPA's liability. They have also represented PREPA in the negotiation and modification of the Consent Decree before the US DOJ on behalf the EPA since 2016.

**43. CERCLA Project** – See Annex A, HoldCo Budget, line-items 122. The PROTECO Superfund Site matter is in its early stages and will continue to require significant PREPA engagement as an alleged PRP for the Proteco Site. PREPA is the PRP with the largest liability share percent, 15.24% as of August 25th, 2022. PREPA does not anticipate executing a contract under this line item. However, PREPA is

responsible for paying any invoices for the Legal counsel representing the PRP's. The detailed justification for this contract can be found in Exhibit BB.

**44. BONUS - Monthly Weeding and Other Maintenance Work** – See Annex A, HoldCo Budget, line-items 123. Maintenance and monthly cleaning. Annual Cost - Bonus Plant Green and common areas incompliance with the DOE.

**45. Corporate Recycling (5 Senses Solutions LLC)** - See Annex A, HoldCo Budget, line-items 124, 125, 127, and Exhibit 22 – Contract.

**46. American Public Power Association membership (APPA):** See Annex A, HoldCo Budget, line-items 131. The membership value is \$140,000.00. From the Additional Approved Budget, PREPA allocated \$56,000.00. To cover the membership, PREPA hereby request approval of the remaining \$86,000.00.

**47. KPMG** – See Annex A, HoldCo Budget, line-items 136. Provides technical advisory services for the audited financial statements. PREPA has decided to request budget to cover the services for its audited financial statements because, as of today, no external funds have been allocated for this purpose. The detailed justification for this contract can be found in Exhibit CC.

**48. Sargent & Lundy** – See Annex A, HoldCo Budget, line-items 139. Provides technical advisory services for the audited financial statements. The detailed justification for this contract can be found in Exhibit DD.

**49. Scott Madden** – See Annex A, HoldCo Budget, line-items 140. Provides technical advisory services for the audited financial statements. PREPA has decided to request budget to cover the services for its audited financial statements because, as of today, no external funds have been allocated for this purpose. The detailed justification for this contract can be found in Exhibit EE.

**50. Cavanaugh MacDonald** – See Annex A, HoldCo Budget, line-items 141.

Provides technical advisory services for the audited financial statements. PREPA has decided to request budget to cover the services for its audited financial statements because, as of today, no external funds have been allocated for this purpose. The detailed justification for this contract can be found in Exhibit FF.

**51. Maintenance and Land Building** – See Annex A, HoldCo Budget, line-items 146. PREPA needs substantial additional budget to provide maintenance services to 88 properties under PropertyCo.

**52. Seminars & Training** – See Annex A, HoldCo Budget, line-items 147.

**53. Service Order** – See Annex A, HoldCo Budget, line-items 148. The detailed justification for this contract can be found in Exhibit GG.

**B. HydroCo – Non-labor Operating Budget (Annex B)**

**1. Uniforms and Safety Equipment** - See Annex B line-items 25, Exhibit 1 – Proposed Contract for Safety Zone former NY Wiping (Fire Retardant Uniforms) and Exhibit 2 – Proposed Contract for Morivivi LLC (Regular Uniforms).

a. Safety Zone: PREPA will execute one contract with Safety Zone to provide Fire Retardant Uniforms both for HoldCo and HydroCo employees, but the contract cost will be proportionally distributed between both budgets. As the employer, PREPA is required to provide statutorily compliant uniforms to its employees under the applicable laws and collective bargaining agreements.

b. Morivivi LLC: PREPA will execute a contract with Morivivi LLC for \$50,820.00, to provide Fire Retardant Uniforms both to HoldCo and HydroCo employees, but the contract cost will be proportionally distributed between both budgets. The Occupational Safety and Regulation Administration and PR Act 16 of August 5, 1975, as amended, require PREPA to provide fire retardant uniforms to operators, electricians, welders, and other personnel that may be exposed to fire.

**2. Transportation – Vehicle Maintenance** - See Annex B, HydroCo Budget, line-items 33.

**3. Transportation – Vehicle Fuel** - See Annex B, HydroCo Budget, line-items 34, Exhibit 19. The detailed justification for this contract can be found in Exhibit II.

**4. Génesis Security Services, Inc. South** - See Annex B line-items 40, Exhibit 3- Original Contract and Exhibit 4 - Amendment. PREPA executed a single contract with Génesis Security Services, Inc. to provide security services in both HoldCo's and HydroCo's facilities that are in the Southern part of Puerto Rico. Notwithstanding, the cost of the contract will be proportionally distributed between both budgets. The detailed justification for this contract can be found in Exhibit A.

**5. Génesis Security Services, Inc. North** - See Annex B line-items 41, Exhibit 5- Original Contract and Exhibit 6 - Amendment. PREPA executed a single contract with Génesis Security Services, Inc. to provide security services in both HoldCo's and HydroCo's facilities that are in the Northern part of Puerto Rico. Notwithstanding, the cost of the contract will be proportionally distributed between both budgets. The detailed justification for this contract can be found in Exhibit A.

**6. Protective Security Systems** - See Annex A line-items 53, Exhibit 7- Proposed Contract and Exhibit 16 -Amendment. PREPA will execute a single contract with Protective Security Systems to provide security services for both HoldCo's and HydroCo's facilities. Notwithstanding, the cost of the contract will be proportionally distributed between both budgets. The detailed justification for this contract can be found in Exhibit B.

**7. CCG Consultants** - See Annex A line-items 54, Exhibit 8- Contract. PREPA executed a single contract with Protective Security Systems to provide security

services for both HoldCo's and HydroCo's facilities. Notwithstanding, the cost of the contract has been proportionally distributed between both budgets.

The services of CCG Consultants, LLC are needed for regulatory compliance, identifying the necessary security measures, establishing security protocols and policies, as well as designing security plans to protect PREPA's assets, employees, and the general public. In addition, the consultant is the liaison between the Federal Bureau of Investigation (FBI), the Puerto Rico Police Department, the Coast Guard and other state and federal security institutions that require PREPA's intervention. The detailed justification for this contract can be found in Exhibit C.

**8. Ricoh Puerto Rico** - See Annex B line-items 48, Exhibit 9 - Contract. PREPA entered into a 60-month lease agreement with Ricoh Puerto Rico for multifunctional machines to be used by PREPA's personnel. The contract was executed in coordination with the General Services Administration (ASG for its Spanish acronym) to honor PREPA the preferential fees offered to governmental agencies.

**9. Water Utilities** – See Annex B line-items 49. This payment is for HydrCo's water utilities for FY24.

**10. Geotechnical, Hydrology and Dam Consulting Contracts** - See Annex B line-items 55. Additional budget is required for these services.

**11. ADP** - See Annex B line-items 56 and Exhibit 13. The detailed justification for this contract can be found in Exhibit Q.

**12. Liberty Business (ATT Mobility)** – See Annex B, HydroCo Budget, line-items 58. The detailed justification for this contract can be found in Exhibit S.

**13. Tetrattech** - See Annex B, HydroCo Budget, line-items 65. This contract was approved by the Energy Bureau on September 21, 2023. Additional budget is required to perform mandated studies to complete the Puerto Rico Department of Natural Resources's Plan for Climate Change. PREPA seeks approval of additional budget to increase it from \$100,000.00 to \$250,000.00.

**14. Conwaste** - See Annex B, HydroCo Budget, line-items 66. Conwaste's contract was approved by the Energy Bureau on August 14<sup>th</sup>, 2023. PREPA requires additional waste disposal services. PREPA seeks approval of additional budget to increase the Conwaste contract from \$50,000.00 to \$100,000.00.

**15. Eng. Caroline Rivera** - See Annex B, HydroCo Budget, line-items 73, and Exhibit 21 – Proposed Contract. The services of Eng. Rivera as needed by PREPA as a technical consultant and professional engineer, in matters related to the planning, operation and maintenance of PREPA's hydroelectric power system, and with hybrid energy systems.

**16. Fuel for Generators and Heavy Equipment** - See Annex B, HydroCo Budget, line-item 79, and Exhibit 23 - Contract PREPA needs to obtain fuel for its emergency generators and other heavy equipment. The detailed justification for this contract can be found in Exhibit II.

**17. Aero Generator Inspection** – See Annex B, HydroCo Budget, line-item 79. PREPA needs to hire external contractor services for the inspection, preliminary assessment, and repairment cost estimate for the aerogenerators located in the Bechara area and Palo Seco. This process will be subject to a competitive process.

## **V. CONCLUSION**

In sum, PREPA moves the Energy Bureau to approve the proposed allocation of the Additional Budget and approve the underlying contracts for Global Consultas Asociados, LLC; Corretjer, LLC; Eng. Victor Manuel Ruiz; Ramon Mendoza Rosario, Esq.; González & Martínez Law Offices, PSC; and Regulatory Compliance Services, Corp. in the proposed amounts.

PREPA further requests the Energy Bureau to also approve the Proposed Revised Budget as requested in Annex A and B, and substantiated with this motion and its exhibits. The supporting documentation clearly demonstrates how the requested budgetary revisions are necessary to fulfill PREPA's obligations and responsibilities. The current lack of sufficient budget has paralyzed important projects, resulting in the deterioration of PREPA's infrastructure. Some of these projects can even contribute to PREPA's bottom line. For example, all eminent domain cases are paralyzed due to lack of funding, as well as all projects to sell or rent PREPA's unused real estate assets. These projects require funding in the short-term, that will pay out ample dividends in the future. Further, PREPA is particularly vulnerable to civil liability in the thousands of civil suits and complaints that have been filed against it. The reduction in the legal budget has already led to one of PREPA's principal law firms to withdraw its legal representation, and may expose PREPA to multimillion judgements or verdicts in default if the remaining law firms are forced to resign due to lack of adequate funding.

The austerity measures that the Energy Bureau is imposing upon PREPA in the short term, will only serve to impose a significantly heavier burden of expenses and losses upon PREPA in the future. The approval of the proposed allocation of the Additional Approved Budget, as well as the approval of the contracts submitted

under the Additional Approved Budget, and the approval of the Revised Proposed Budget submitted herein will go a long way in ensuring PREPA's long term fiscal stability.

**WHEREFORE**, it is respectfully requested for the Energy Bureau to: (a) take **NOTICE** of the information provided, (b) **GRANT** the proposed allocation of the Additional Approved Budget; (c) **APPROVE** the contracts submitted under the Additional Approved Budget; and (d) **APPROVE** the Revised Proposed Budget submitted herein.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 6<sup>th</sup> day of November 2023.

**CERTIFICATE OF SERVICE:** We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and courtesy copies were sent via e-mail to LUMA Energy, LLC through its counsels of record at [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com), [laura.rozas@us.dlapiper.com](mailto:laura.rozas@us.dlapiper.com), and to Genera-PR, LLC through its counsels of record at [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com), [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com), [legal@genera-pr.com](mailto:legal@genera-pr.com) and [regulatory@genera-pr.com](mailto:regulatory@genera-pr.com).

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## **Addendum - Exhibits**

<https://www.dropbox.com/t/tw0487ZreorUVnut>