

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

<b>NEPR</b>  <b>Received:</b>  <b>Nov 13, 2023</b>  <b>7:59 PM</b>
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**IN RE:**

REVIEW OF LUMA’S INITIAL BUDGET

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

**SUBJECT:** Motion Submitting Federally Funded Projects Labor Reimbursement Projects Report in Compliance with Resolution and Order September 22, 2023

**MOTION SUBMITTING FEDERALLY FUNDED PROJECTS LABOR REIMBURSEMENT PROJECTS REPORT IN COMPLIANCE WITH RESOLUTION AND ORDER DATED SEPTEMBER 22, 2023**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

COMES NOW GENERA PR LLC (“Genera”), as agent of the Puerto Rico Electric Power Authority (“PREPA”),<sup>1</sup> through its counsels of record, and respectfully state and request the following:

1. On May 16, 2023, LUMA<sup>2</sup> filed a document with the Energy Bureau of the Puerto Rico Service Regulatory Board (“Energy Bureau”) titled *Submission of Consolidated Annual Budgets for Fiscal Year 2024 and Proposed Annual T&D Projections Through Fiscal Year 2026* (“May 16<sup>th</sup> Motion”), in which LUMA submitted the Proposed Consolidated FY24 Budget, composed of the proposed T&D Budgets developed by LUMA, the proposed GenCo Budgets revised by Genera on behalf of PREPA for the PREPA subsidiary GenCo LLC, and the proposed

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<sup>1</sup> Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* (“LGA OMA”), dated January 24, 2023, executed by and among PREPA, Genera, and the Puerto Rico Public-Private Partnerships Authority (“P3 Authority”), Genera is the sole operator and administrator of the Legacy Generation Assets (as defined in the LGA OMA) and the sole entity authorized to represent PREPA before PREB with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

<sup>2</sup> LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as “LUMA”).

budget developed by PREPA for its holding company, HoldCo, and its subsidiaries PREPA HydroCo LLC and PREPA PropertyCo LLC.

2. On June 25, 2023, the Energy Bureau issued a Resolution and Order titled *Determination on the FY24 Annual Budgets for the Electric Utility System – LUMA, Genera, and PREPA*. Through this order, the Energy Bureau amended the Proposed Consolidated FY24 Budget submitted by LUMA and approved the revised budgets, provided the orders included in the Resolution and Order were complied with. The June 25th Order, amongst other things, reduced Genera’s proposed labor operating expenses budget for FY2024 from \$79.5 MM to \$55.03 MM.

3. On June 30, 2023, LUMA filed a document titled *Submission of Motions for Reconsideration by PREPA and Genera and Notice of Intent to Request Reconsideration of Resolution and Order of June 25, 2023*, through which LUMA submitted Motions for Reconsideration of the Energy Bureau’s FY2024 Budget Determination on behalf of PREPA and Genera and provided notice of its intention to request reconsideration on its behalf.

4. On September 22, 2023, the Energy Bureau issued a Resolution and Order titled *Determination on the Request for Partial Revision on the FY 2023 Annual Budgets by LUMA, GENERA, and PREPA* (“September 22<sup>nd</sup> Resolution”), addressing the requests for reconsideration submitted by LUMA, Genera, and PREPA in response to the Energy Bureau’s June 25<sup>th</sup> Order. Pertinent to this Motion, the September 22<sup>nd</sup> Resolution denied Genera's request for reconsideration regarding the reduction of Genera’s proposed labor expenses budget for FY2024 and, among other things, ordered Genera to submit a detailed report on potential labor reimbursements from Federally Funded Projects and their allocation to supplement the labor budget within 45 days from the issuance of the September 22<sup>nd</sup> Resolution, with the submission deadline being November 6, 2023.

5. On November 6, 2023, Genera filed a document titled *Motion Requesting Extension of Time to Comply with Resolution and Order dated September 22, 2023* (“November 6<sup>th</sup> Request for Extension”). Pertinent to this motion, Genera, in the November 6<sup>th</sup> Request for Extension, requested a one-week extension, with a deadline of November 13, 2023, to submit the Federally Funded Projects Labor Reimbursement Projections report.

6. In compliance with the September 22<sup>nd</sup> Resolution and in accordance with the November 6<sup>th</sup> Request for Extension, Genera hereby submits the *Federally Funded Projects Labor Reimbursement Projections report*, as Exhibit A to this motion.

**WHEREFORE**, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes and **deem** Genera to be in compliance with the September 22<sup>nd</sup> Resolution in what pertains to the submittal of the Federally Funded Projects Labor Reimbursement Projections report, submitted herein as Exhibit A.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 13<sup>th</sup> day of November 2023.

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## CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System and that I will send an electronic copy of this motion to PREPA, through its counsels of record: Juan M. Martínez-Nevárez, at [jmartinez@gmlex.net](mailto:jmartinez@gmlex.net), Alexis G. Rivera-Medina, at [arivera@gmlex.net](mailto:arivera@gmlex.net), Joselyn Rodríguez-Gonæalez, at [jrodriguez@gmlex.net](mailto:jrodriguez@gmlex.net), and Mirelis Valle-Cancel, at [mvalle@gmlex.net](mailto:mvalle@gmlex.net); and to LUMA, through its counsels of record: Margarita Mercado Echegaray, at [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com); Ana Margarita Rodríguez Rivera, at [ana.rodriguezrivera@us.dlapiper.com](mailto:ana.rodriguezrivera@us.dlapiper.com); and Julian Anglada Pagan, at [julian.angladapagan@us.dlapiper.com](mailto:julian.angladapagan@us.dlapiper.com).

In San Juan, Puerto Rico, this 13<sup>th</sup> day of November 2023

*/s/ Alejandro López Rodríguez*  
Alejandro López Rodríguez

Exhibit A

GPR – PREB ORDER– 09.22.2023

Docket Number: NEPR-MI-2021-0004

In Re: Review of LUMA's Initial Budgets

Re: Determination on the Request for Partial Revision on the FY 2024 Annual Budgets by LUMA, GENERA and PREPA

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Order:

GPR – PREB ORDER – 09.22.2023

- **Corrective Actions and Future Expectations**

The Energy Bureau expects Genera to take immediate corrective measures to align its labor costs with responsible financial management principles. Genera should explore the avenues mentioned above among other options and should report back to the Energy Bureau on its progress in these areas.

To ensure transparency and accountability, the Energy Bureau **ORDERS** these reporting requirements for Genera:

- **Federally Funded Projects Labor Reimbursement Projections:**  
Genera must submit, within 45 days from issuing this Resolution and Order, a detailed report outlining the potential labor reimbursements from Federally Funded Projects and how these will be allocated to supplement the labor budget.

**Response:**

Genera has undertaken the task of seeking potential labor reimbursements from the list of Federally Funded Projects scheduled to be undertaken throughout the current fiscal year and how these could be allocated to supplement the labor budget. Prior to evaluating the results of the aforementioned task into the potential supplemented labor budget funding, it must be stated and clearly understood that Genera seeks to outsource most of, if not all, to the extent possible, the labor associated with the development and implementation of all Federally Funded Projects. The requests for proposals (“RFP”) for all current and future projects include the labor component necessary for the projects’ complete implementation. For those that do not

include it, Genera publishes separate RFPs to seek qualified contractors to perform labor. One example of this is the RFP for Grid Services Support Units. Genera is currently evaluating an RFP to purchase the equipment and will publish a separate RFP for the installation labor. As a result, most of the labor associated with the implementation of Federally Funded Projects is incidental and not a significant part of the overall Federally Funded Projects’ budget.

The projected Federally Funded Projects potential labor reimbursement is detailed below:

**Federally Funded Projects Potential Labor Reimbursement**

Concept	Annual <u>Projected</u> Labor Cost	Notes
Funding Team: 1 FT member & 2 PT operations	\$359,452.80	<i>Part-Time</i> hours based on 8 (eight) hours and 4 (hours) hours per week, respectively
Project Management team: 33 members	\$2,000,856.00	Calculated average rate of \$53 (fifty-three dollars) per hour @ 1,144 hours per year per employee
	<b>\$2,360,308.80</b>	<b>TOTAL</b>

Genera understands the fiscal responsibility assigned to them, as such, allocating and supplementing the current fiscal year budget with potential reimbursements is not a sound business practice. To qualify for labor reimbursements, Genera must incur the expense. Regardless of whether Genera is able to receive the projected labor reimbursements during the current fiscal year, the entity would responsibly be required to budget all labor

expenses. All of Genera's workforce is on a permanent, non-temporary, non-project specific nature and all the costs incurred in a hiring must be tied to a budgeted line item. Genera is not opposed to seeking out future Federally Funded Projects labor reimbursements and supplementing the budget but understands that this effort requires a thorough evaluation in which it is explored, mainly, how Genera, as agent of PREPA, may incur in fixed fiscal commitments (hiring) without having certainty of reimbursements (including time and amounts). Therefore, it is respectfully suggested that this evaluation is carried out during the next budget period allocating funds reimbursed during the current fiscal year.

Genera looks forward to working and complying with PREB for the benefit of the people of Puerto Rico.