

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

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

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

**MOTION IN COMPLIANCE WITH THE NOVEMBER 3 RESOLUTION AND ORDER**

**TO THE PUERTO RICO ENERGY BUREAU:**

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

1. On November 3, 2023, the Puerto Rico Energy Bureau ("PREB") entered a *Resolution and Order* that ordered PREPA to provide certain information regarding the PREPA FY23 Q4 Report.

2. In compliance with the PREB's request, attached as Exhibit A is a list of the information the PREB requested and PREPA's responses thereto.

**WHEREFORE**, PREPA respectfully requests that the PREB take notice of PREPA's submission and deem PREPA to have complied with the November 3 Resolution and Order.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 15<sup>th</sup> day of December 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), [Yahaira.delrosa@us.dlapiper.com](mailto:Yahaira.delrosa@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).

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## Exhibit A

### A. PREPA FY2023 Q4 Report

#### 1. GenCo Labor Operating Expenses

- i. PREB ordered PREPA to provide an explanation as to what drives the variance in GenCo Labor Operating Expenses from the approved Budget for FY2023.

**Response:**

For the certified FY2023 budget, FOMB reallocated 85% of the proposed HoldCo Labor budget for Finance, Human Resources and Administrative divisions to GenCo, which represented over \$7 million of the GenCo labor budget. Due to the inflexible nature of the PREPA accounting system and reliance on LUMA for significant accounting function support, this top-side adjustment was not reflected in PREPA’s accounting data for actuals. Please refer to Exhibit A-I for FOMB’s support for their changes to the FY23 PREPA budget.

Considering the combined total of GenCo and HoldCo Labor, there was an overall underspend of \$10M or 10%, which is largely attributable to the attrition of employees during FY23 as PREPA prepared for the upcoming Genera transaction. By reversing the GenCo transfer of \$7.5 million for Finance, Human Resources and Administrative divisions that were accounted for in actuals for HoldCo, in order to compare budget and actuals on a consistent basis, we see there was a \$6 million or 7% positive variance for GenCo Labor and a \$4 million or 20% positive variance for HoldCo, as illustrated in the table below.

### FY23 Monthly Expenses

(\$ millions)

Expenses	YTD			
	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
Total GenCo Labor Operating Expenses	\$ 80.1	\$ 74.2	\$ 5.8	7.3%
Total HoldCo Labor Operating Expenses	\$ 20.0	\$ 16.1	\$ 3.9	19.7%

#### 2. Total GenCo Maintenance Projects Expense (“NME”)

- i. PREB ordered PREPA to provide:
  - a. The list of the projects /activities that comprised the total FY 2023 Budget for NME with budgeted amounts (including funds drawn as approved by the Energy Bureau from NME Reserve)

**Response:**

Please refer to Exhibit A-II for the list of the projects and budgeted amounts.

- b. Which projects/activities were completed and the actual expenditures for the year

**Response:**

Please refer to Exhibit A-II for the list of the projects and expenditures.

- c. Which projects/activities were not done or completed and why

**Response:**

Please refer to Exhibit A-II for the list of the projects not done. The factors for which there were projects that were not done are the following:

- A 6.4MM budget increase was requested for seven NME projects. The funds were approved in May 2023, at the end of FY2023. Therefore, there was not enough time to start or finish the projects.
- Due to the necessity to keep the system running and avoid major load sheds, some units could not be shut down for the scheduled repairs. This was due to the unplanned shutdowns caused by breakdowns in the generators of Aguirre U1, which has not yet been put into service, and the failure of the generator of the Palo Seco 4 unit. Further, the planned shutdown of unit 6 from San Juan for major maintenance could not be carried out.
- From January to June 2023, the transition to Genera PR, LLC (Genera) began, making it challenging to coordinate projects, as there were staff who took vacations and sick days before moving to Genera.
- Another factor was the lack of availability of parts by suppliers and contractors, which made it difficult for the work to be carried out during this period.

- d. Which projects were substituted, and how much were the expenditures for the year, if applicable

**Response:**

Please refer to Exhibit A-II for the list of the projects substituted and expenditures.

3. HolCo Labor Operating Expense

- i. The PREB ordered PREPA to provide an explanation as to what drives the variance in HoldCo Labor Operating Expenses from the approved Budget for FY2023.

**Response:**

See the answer for GenCo Labor above.

4. HoldCo Non-Labor / Other Operating Expenses
  - i. The PREB ordered PREPA to provide an explanation as to what drives the variance in HoldCo Non-Labor / Other Operating Expenses from the approved Budget for FY2023.

**Response:**

This is a permanent year-to-date variance resulting from underbudgeting by PREPA, due to (i) expected increases in water utility costs; and (ii) a flat 35% haircut adjustment applied by the FOMB to PREPA's proposed FY23 budget.

**Exhibit A-I**

**FY23 BUDGET ALLOCATION ADJUSTMENTS**

[Native version submitted to the Energy Bureau]

**Exhibit A-II**

List of NME Projects

[Native version submitted to the Energy Bureau]