

**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:** Determination On Prepa's Motion  
for Extension of Time to Comply with the  
December 8<sup>th</sup> Resolution.

**RESOLUTION AND ORDER**

On December 8th, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("December 8 Resolution") in which it **Conditionally Approved** PREPA's request for an increase to the HoldCo Non-Labor External Audit budget line for \$0.751MM to the June 25 Resolution amount **pending the submittal of the renegotiated contracts as stipulated in the August 14, 2023 Resolution and Order.**<sup>1</sup> Therefore, the total amount for Non-Labor External Audit Services shall be \$751,000+ \$357,000 = \$1,108,000.<sup>2</sup>

The Energy Bureau expressly and unequivocally reminded PREPA that while additional monies are allocated to this effort, PREPA must adhere strictly to the applicable budgetary constraints and to comply with the stipulations of the Energy Bureau's previous August 14 Resolution and ordered PREPA to submit, **on or before January 30, 2024**, the new contracts pertaining to External Audit Services. The Energy Bureau also warned PREPA that these contracts must reflect the renegotiated terms as mandated in the August 14 Resolution and should come with comprehensive documentation justifying the costs involved.<sup>3</sup>

These requirements and warnings were because PREPA's request for increased financial allocation for External Audit Services was made without the required new contract or any form of justification that aligns with earlier directives of the Energy Bureau.<sup>4</sup>

On January 31, 2024, **after the deadline had elapsed and well into the 2024 fiscal year**, PREPA filed a document titled *Motion for Extension of Time to Comply with December 8<sup>th</sup> Resolution* ("January 31 Motion") **untimely** informing the Energy Bureau that, "despite its diligent efforts, it is still determining what contracts it will execute under the External Audit Services line-item, as well as their renegotiated terms pursuant to the August 14 Resolution."<sup>5</sup> According to PREPA, to complete this effort, PREPA **untimely** requests an extension of ten (10) days, until February 12th, 2024, to comply with the December 8th Resolution.<sup>6</sup>

PREPA not only filed the January 31 Motion after the compliance, but it provided no specific information as to the issues or complications it allegedly found that resulted in its noncompliance with the December 8 Resolution.

<sup>1</sup> See, *In re: Review of LUMA's Initial Budgets*, Case No. NEPR-MI-2021-0004, August 14, 2023, p. 4, item f regarding "... negotiating the most cost-effective contract possible...", Resolution and Order, August 14, 2023 ("August 14 Resolution").

<sup>2</sup> See December 8 Resolution, p. 10.

<sup>3</sup> *Id.*, pp. 10-11.

<sup>4</sup> *Id.*, p. 10.

<sup>5</sup> See January 31 Motion, ¶3.

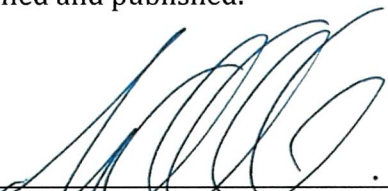
<sup>6</sup> *Id.*, ¶4.




The Energy Bureau **GRANTS** PREPA until **February 12, 2024, at 12:00 pm**<sup>7</sup>, to submit the new contracts pertaining to External Audit Services and **REITERATES** that these contracts must reflect the renegotiated terms as mandated in the August 14 Resolution and should come with comprehensive documentation justifying the costs involved. Despite the foregoing, the Energy Bureau **WARNS** PREPA and its legal representatives that requests for extensions of time to comply orders from the Energy Bureau, unless extreme circumstances occur, **SHALL** be well justified, and submitted reasonably before the deadline originally established by the Energy Bureau to avoid the potential imposition of fines and administrative sanctions.

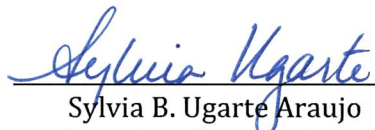
The Energy Bureau **WARNS** PREPA that: (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day; (ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, and comply with any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars (\$500) nor over five thousand dollars (\$5,000) at the discretion of the Energy Bureau; and (iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000), at the discretion of the Energy Bureau.

Be it notified and published.

  
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Edison Avilés Deliz  
Chairman

  
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Lillian Mateo Santos  
Associate Commissioner

  
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Ferdinand A. Ramos Soegaard  
Associate Commissioner

  
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Sylvia B. Ugarte Araujo  
Associate Commissioner

**CERTIFICATION**

I certify that the majority of the members of the Puerto Rico Energy Bureau have agreed on February 2, 2024. Associate Commissioner Antonio Torres Miranda did not intervene. I also certify that in February 2, 2024 a copy of this Resolution and Order was notified by electronic mail to pre@promesa.gov; margarita.mercado@us.dlapiper.com; julian.angladapagan@us.dlapiper.com; mvalle@gmlex.net; arivera@gmlex.net; legal@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com; and I have moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today February 2, 2024.

  
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Sonia Seda Gaztambide  
Clerk



<sup>7</sup> Since this is an important matter that needs to be completed to ensure appropriate and timely use of funding, and that, barring really extreme and unforeseen circumstances, by this time most responsible administrators would have clarity as to their outsourcing needs, no further extensions will be entertained.