

**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: Resolution and Order pertaining to the *Renewed Motion for Brief Extension of Time to Comply with December 8th Resolution and Order*.

RESOLUTION AND ORDER

On December 8, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("December 8 Order") through which, ordered the Puerto Rico Electric Power Authority ("PREPA") to submit, on or before 60 days of the issuance of such Resolution and Order, a Detailed Plan with action items, expected results, responsible party(ies), and due dates needed to achieve the reduced headcount footprint and labor expenses, starting on July 1, 2024, to get the HoldCo Organization in line with both staffing levels and business operations that correctly correspond to its substantially downsized mandated and associated approved budgets as it was originally approved in the June 25 Resolution¹. A Monthly Status Update on the status of the defined actions and any added corrective actions needed to take to achieve the desired results by July 1, 2024 ("Monthly Status Update").²

On March 7, 2024, PREPA filed a document titled *Renewed Motion for Brief Extension of Time to Comply with the December 8th Resolution* ("March 7 Request"), in which PREPA requests an additional³ extension of fifteen (15) days, until March 22, 2024, to comply with the December 8 Order. PREPA states that it has been unable to complete the requested Detailed Plan and the Monthly Status Update. PREPA indicates that while the corresponding drafts are in advance stages, PREPA's Human Resources Department, Finance Department and other departments are still reviewing relevant data to reach final determinations on the matter at hand and present accurate information to the Energy Bureau.⁴

The December 8 Order approved PREPA's request for additional funding for HoldCo Labor for the amount of \$2,033,000 to increase from its June 25 Resolution. This increase was rooted on PREPA providing a Detailed Plan with action items to achieve budget and adaptation of both staffing levels and business operations by FY2025 and deliver on future budget expectations. Further delays would be at the detriment of this window given by the Energy Bureau to PREPA to deliver on the expected efficiencies to the rate payers from the Electric System transformation by the reduction of PREPA role. The Energy Bureau is committed to "require PREPA to reduce its headcount footprint to the FY2025 budget for labor expenses to achieve reasonable and prudent labor costs aligned with the reduced operational obligations by HoldCo"⁵.

The December 8 Order clearly established the importance of the parties adhering to the dates imposed by the Energy Bureau since such information requested is critical for the revision of the FY2025 Budget.

¹ Resolution and Order, *In re: Review of LUMA's Initial Budgets*, case no NEPR-MI-2021-0004, June 25, 2023 ("June 25 Resolution").

² December 8 Order, p. 6.

³ On February 29, 2024, the Energy Bureau issued a Resolution and Order GRANTING PREPA's February 6, 2024, request to allow thirty (30) additional days to comply with the December 8 Order.

⁴ March 7 Request, p. 2, ¶ 4-5.

⁵ December 8 Resolution, page 6



Upon review, the Energy Bureau **GRANTS** PREPA a peremptory extension of **eleven (11) days, until March 18, 2024**, to comply with the December 8 Order.

The Energy Bureau **WARNS** PREPA that filing an extension request the same day that the response is due is **NOT ACCEPTABLE**. Any request for extensions **MUST** be requested within the allowed period of time and with enough time to analyze such requests before the expiration date it is required. The deadlines ordered by the Energy Bureau have a procedural and analytical purpose and **MUST be respected**.

The Energy Bureau **ALERTS** PREPA to refrain from this practice and any further noncompliance shall trigger an **ORDER** to show cause of why the Energy Bureau should not impose a fine of \$5,000.00 per day.

Th Energy Bureau **WARNS** PREPA that: (i) noncompliance with this Resolution and Order 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.

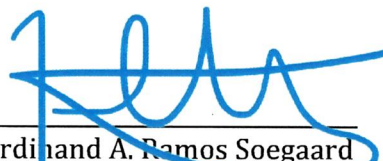
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Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on March 11, 2024. Also certify that on March 11, 2024, 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; mvalle@gmlex.net; arivera@gmlex.net; legal@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com.

I sign in San Juan, Puerto Rico, today, March 11, 2024.



Sonia Seda Gaztambide
Secretaria

