

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

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| NEPR |
| Received: |
| Jun 20, 2024 |
| 11:06 PM |

IN RE:

REVIEW OF LUMA’S INITIAL BUDGET

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Submit Response to Resolution and Order Dated June 14, 2024

MOTION TO SUBMIT RESPONSE TO RESOLUTION AND ORDER DATED JUNE 14, 2024

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. On May 23, 2024, Genera filed a document titled *Motion to Submit Amendment to FY2024 GenCo Operating Budget* (“May 23rd Motion”). Through the May 23rd Motion, Genera requested that the Energy Bureau consider its proposal to amend the Fiscal Year 2024 (“FY2024”) Operating Budget, concurrently submitted to the P3A pursuant to Section 7.3(e), Amendments to the Operating Budget, of the LGA OMA. This amendment, detailed in Exhibit A of the May 23rd Motion, sought to reallocate a total of \$11,500,000 (eleven million five hundred thousand dollars), \$9,000,000 (nine million dollars) from Legal Services and \$2,500,000 (two million five hundred thousand dollars) from Professional & Technical Outsourced Services —within Genera’s Non-Labor Operating Expenses Budget to the Utilities & Rents line item. The proposed budget

¹ 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, 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 the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

amendment proactively addressed unforeseen shortfalls in the Utilities & Rents line item, not anticipated during the initial budgeting phase in the Mobilization Period prior to the Service Commencement Date of the O&M Services under the LGA OMA.

2. On June 14, 2024, the Energy Bureau issued a Resolution and Order titled *Determination on Genera's Request to Amend the Fiscal Year 2024 Budget* (the "June 14th Resolution"). The June 14th Resolution conditionally approved Genera's FY2024 Budget amendment request, pending Genera's submission of satisfactory support, within three (3) business days of receiving this notification, including:

- a. justification for the reallocation of \$2.5 million from the Professional & Technical Outsourced Services Budget line;
- b. the current actual expenditures in the Utilities & Rents, Legal Services, and Professional & Technical Outsourced Services Budget lines; and
- c. the "current FY2024 year-end budget-to-actual projections" that enable Genera management to solicit and undertake the necessary actions, as cited in the May 23 Motion.

3. In compliance with the June 14th Resolution, Genera hereby submits, as Exhibit A to this motion, the required supporting documentation and a detailed response to the Energy Bureau's stipulations outlined in the June 14th Resolution.

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 June 14th Resolution.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 20th day of June 2024.

ECIJA SBGB
PO Box 363068

San Juan, Puerto Rico 00920
Tel. (787) 300.3200
Fax (787) 300.3208

/s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo
jfr@sbgblaw.com
TSPR 9,669

/s/ Alejandro López-Rodríguez
Alejandro López-Rodríguez
alopez@sbgblaw.com
TSPR 22,996

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 an electronic copy of this motion will be sent to PREPA through its counsels of record, González & Martínez Law Offices, P.S.C., at Alexis G. River Medina, at arivera@gmlex.net, and Mirelis Valle Cancel at mvalle@gmlex.net; and to LUMA through its counsel of record, Margarita Mercado Echegaray, at margarita.mercado@us.dlapiper.com, and Julian Anglada Pagan, at julian.angladapagan@us.dlapiper.com.

In San Juan, Puerto Rico, this 20th day of June 2024.

/s/ Alejandro López-Rodríguez
Alejandro López-Rodríguez

Exhibit A

Docket Number: NEPR-MI-2021-0004

In Re: Genera PR LLC, Budgets

Re: Determination on Genera's Request to Amend the Fiscal Year 2024 Budget

GPR-PREB-NEPRMI20210004-20240614

The Energy Bureau **CONDITIONALLY APPROVES** Genera's FY 2024 Budget amendment request, to transfer \$9.0 million from the Legal Services and \$2.5 million from the Professional & Technical Outsourced Services Non-Labor Budget lines to the Utilities & Rents Non-Labor Budget line, pending Genera's submission within three (3) business days of the notification of this Resolution and Order of satisfactory support, including:

- a. justification for reallocation of \$2.5 million from the Professional & Technical Outsourced Services Budget line,
- b. the current actual expenditures in the Utilities & Rents, Legal Services and Professional & Technical Outsourced Services Budget lines, and
- c. the "current FY2024 year-end budget-to -actual projections" that allow Genera management to solicit and undertake the necessary actions, as cited by Genera in the May 23 Motion.

Response:

- a. This expense line item has been underutilized mainly due to lower use of the budgeted *IT Professional Services*. The main driver has been the postponement of the implementation of the Luma/Genera/PREPA Shared Services Agreement separation to the upcoming fiscal year.

- b. The current actual expenditures in the Utilities & Rents, Legal Services and Professional & Technical Outsourced Services budget lines as of the end of May 2024 are:

| # Entity / Line Item | FY2024 CERTIFIED | FY2024 Amended Budget | FY2024 YTD May Actuals |
|--|---------------------|--------------------------|---------------------------|
| 1 Non-Labor Operating Expenses | | | |
| 2 Utilities & Rents | 3,616 | 15,116 | 13,600 |
| 3 Legal Services | 13,000 | 4,000 | 2,200 |
| 4 Professional & Technical Outsourced Services | 11,776 | 9,276 | 8,700 |

- c. The current FY2024 year-end budget-to-actual expenditure projections in the Utilities & Rents, Legal Services and Professional & Technical Outsourced Services budget lines are:

| # Entity / Line Item | FY2024 Projected B2A |
|--|-------------------------|
| 1 Non-Labor Operating Expenses | |
| 2 Utilities & Rents | 15,116 |
| 3 Legal Services | 2,600 |
| 4 Professional & Technical Outsourced Services | 9,200 |