

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

NEPR

Received:

Jun 21, 2024

8:58 AM

IN RE:

REVIEW OF LUMA'S INITIAL BUDGET

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Submit Presentation for the June 21, 2024 Virtual Technical Conference in Compliance with Resolution and Order dated June 18, 2024

**MOTION TO SUBMIT PRESENTATION FOR THE JUNE 21, 2024 VIRTUAL
TECHNICAL CONFERENCE IN COMPLIANCE WITH RESOLUTION AND ORDER
DATED JUNE 18, 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 counsels of record, and respectfully state and request the following:

1. On June 12, 2024, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) issued a Resolution and Order titled *Establishment of FY 2025 Budgets, Requirement of Information (“ROI”), and Procedural Calendar* (“June 12th Resolution”). In the June 12th Resolution, the Energy Bureau established a Procedural Calendar for matters concerning the FY2025 Budget submission and scheduled the filing of LUMA's, Genera's, and PREPA's presentations for the Virtual Technical Conference for June 18, 2024, and a Virtual Technical Conference for June 20, 2024. See June 12th Resolution, p. 3.

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 (“P3A”), 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.

2. On June 17, 2024, Genera filed a document titled *Urgent Request for Extension to Submit Workpapers for GenCo's FY2025 Budget and to File Genera's Responses to Request for Information Issued on June 12, 2024* ("June 17th Request for Extension"), through which Genera requested an extension of time to submit the workpapers and supporting materials for GenCo's FY2025 Budget Proposal until June 19, 2024, to respond to the ROI outlined in Attachment A of the June 12th Resolution until June 19, 2024, and to file the presentation for the Virtual Technical Conference until June 20, 2024.

3. On June 18, 2024, the Energy Bureau issued a Resolution and Order titled Technical Conference Agenda – FY 2025 Electric Utility Budgets ("June 18th Resolution"), through which it, in pertinent part to this motion, rescheduled the filing of the presentations to June 21, 2024, before 9:00 a.m.

4. In compliance with the June 18th Resolution, Genera hereby submits, as Exhibit A to this Motion, the presentation to be offered during the Virtual Technical Conference scheduled for June 21, 2024.

WHEREFORE, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes and **deem** Genera in compliance with the June 18th Resolution.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of June 2024.

ECIJA SBGB
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San Juan, Puerto Rico 00920
Tel. (787) 300.3200
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/s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo
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TSPR 9,669

/s/ Alejandro López-Rodríguez
Alejandro López-Rodríguez
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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 I will send an electronic copy of this motion to PREPA through its counsels of record: Alexis G. Rivera-Medina, at arivera@gmlex.net, and Mirelis Valle-Cancel, at mvalle@gmlex.net; and to LUMA, through its counsels of record: Margarita Mercado Echegaray, at margarita.mercado@us.dlapiper.com; Jan M. Albino López, at jan.albinolopez@us.dlapiper.com; and Julian Anglada Pagan, at julian.angladapagan@us.dlapiper.com.

In San Juan, Puerto Rico, this 21st day of June 2024.

/s/ Alejandro López-Rodríguez
Alejandro López-Rodríguez

Exhibit A

Virtual Technical Conference Presentation



Proposed GenCo Budget FY2025

NEPR-MI-2021-0004

Virtual Technical Conference

June 21, 2024

OUR MISSION

1



Create
savings

2



Increase
reliability

3



Support
renewables

4



Prioritize
local labor



INTEGRATED GENERATION SYSTEM

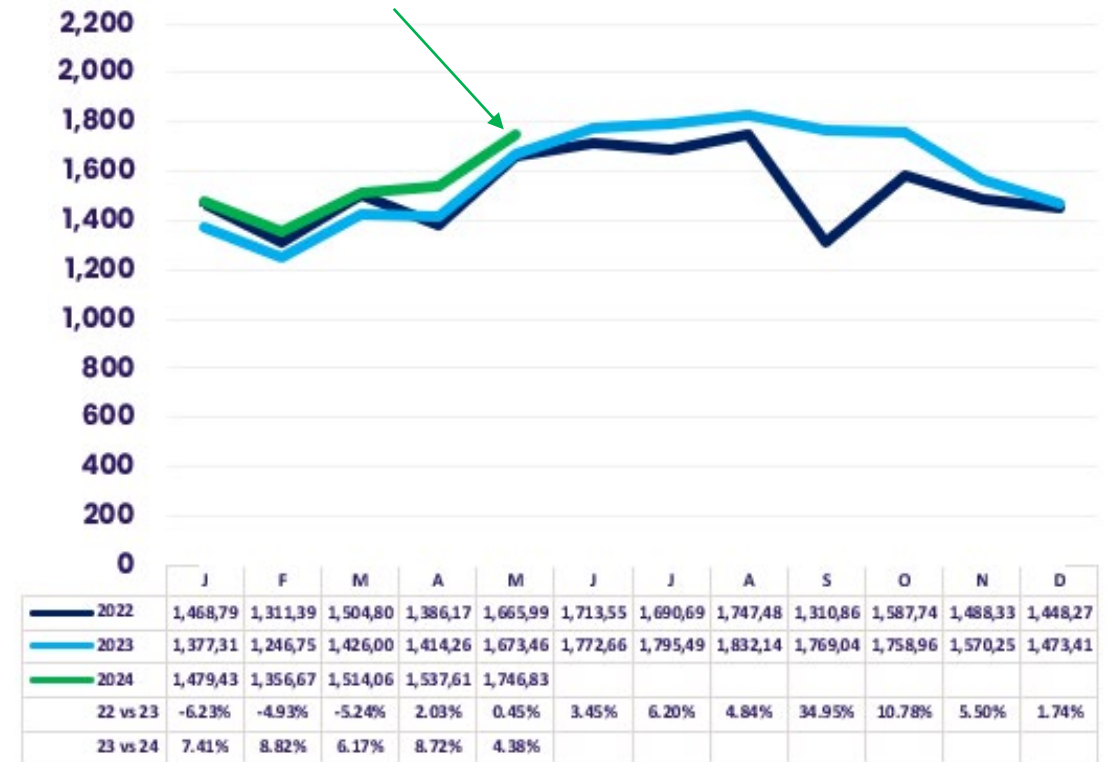
Peak Demand

Over 200 MW of last year peak



Integrated System Production

4% over 2023



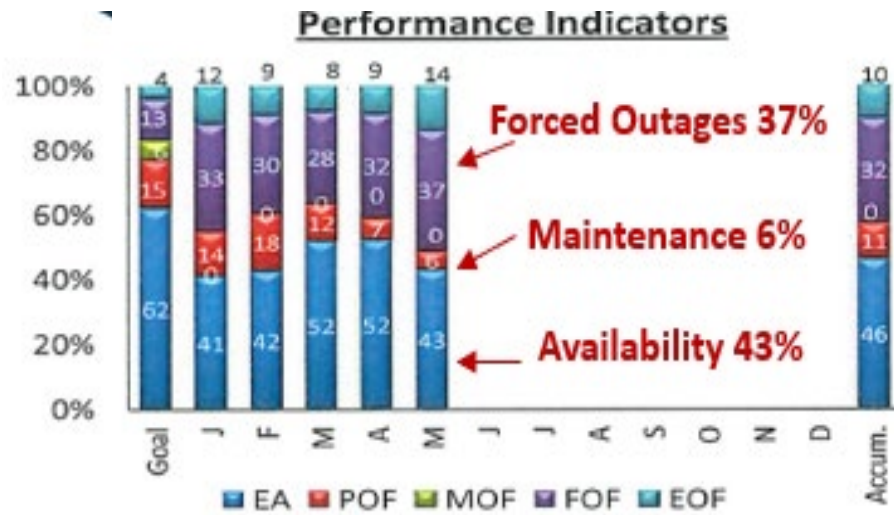


Path to Increase Reliability



KEY PERFORMANCE INDICATORS AND BENCHMARKS

Generation System as of June 30, 2023



Genera's Short-Term Goals

60%

Increased availability by **July 2024**

15%

Increased Planned Maintenance

50%

Forced Outages Reduction by December 2025

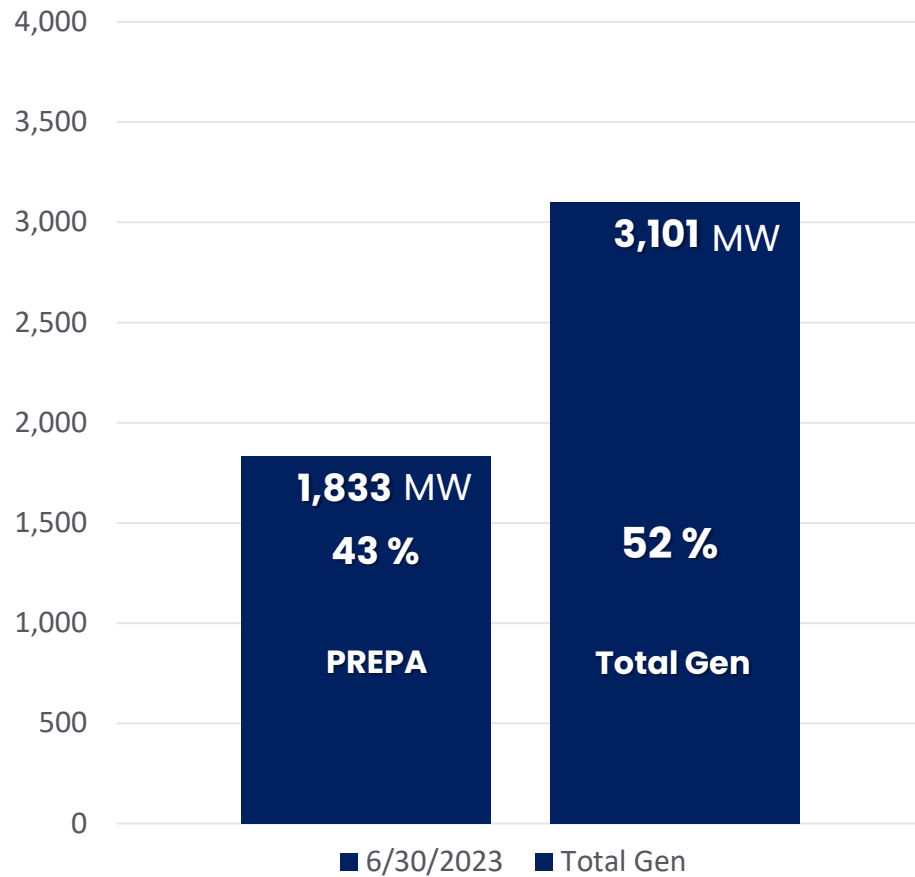
90%

Load Shedding Reduction by 2026

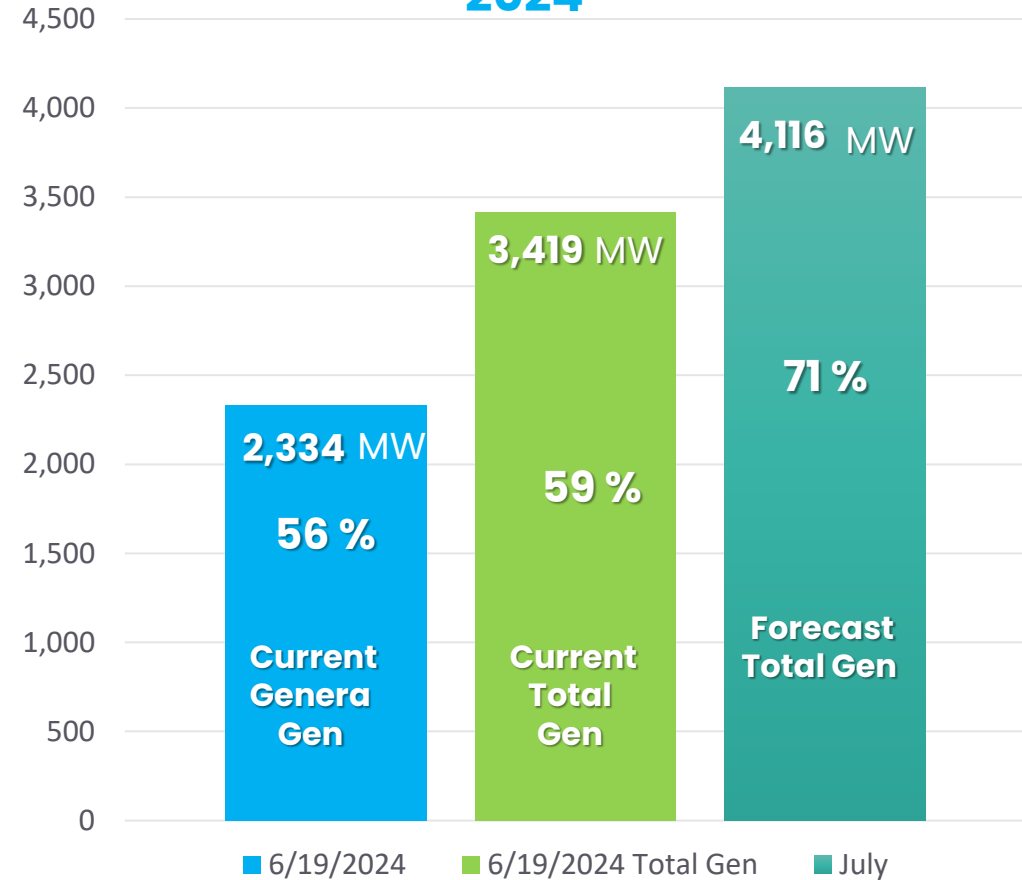


KEY PERFORMANCE INDICATORS AND BENCHMARKS

Capacity (MW) on June 30, 2023



Actual & Forecast Capacity (MW) 2024

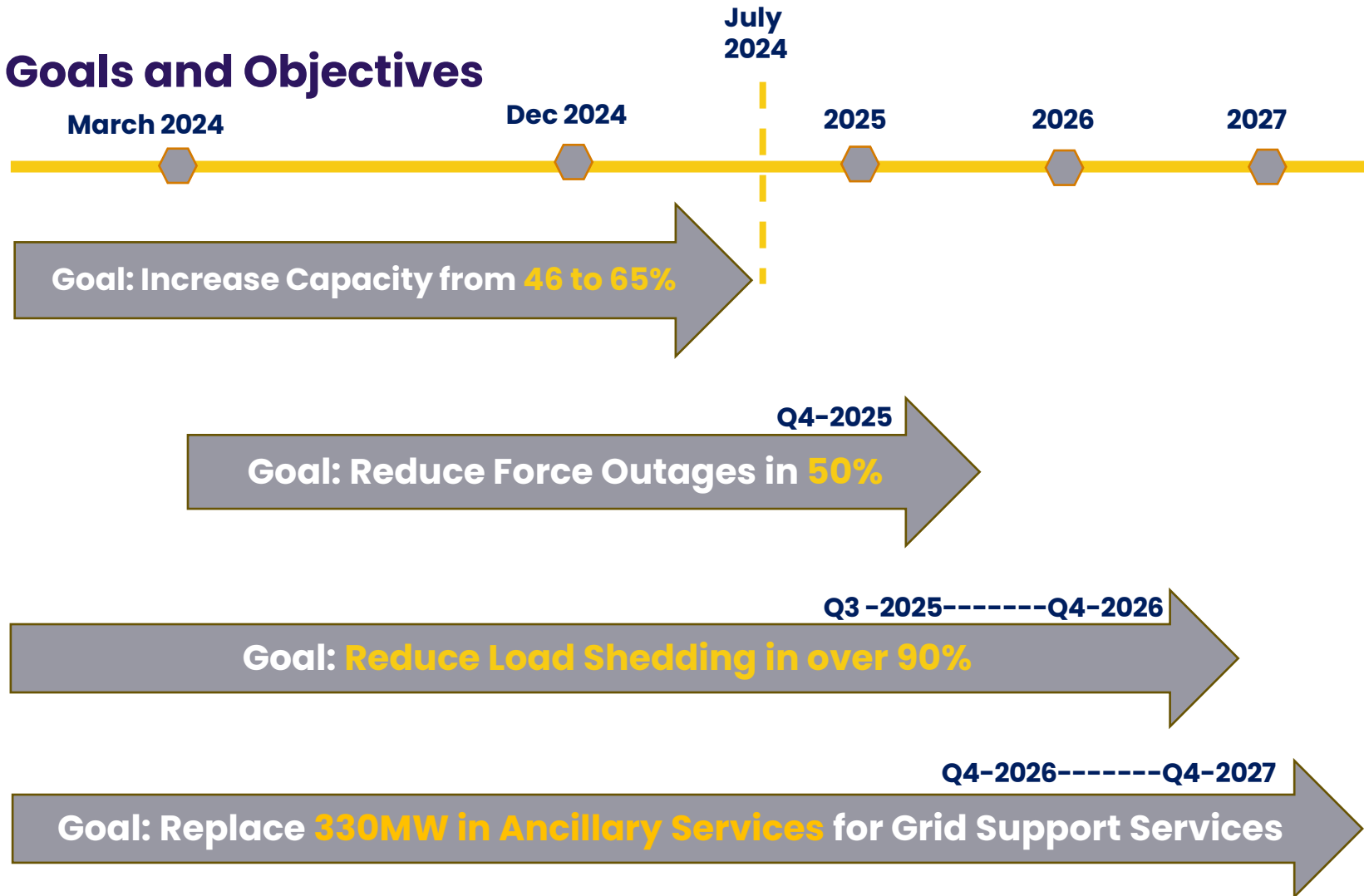


WORK PLAN

Strategic Priorities

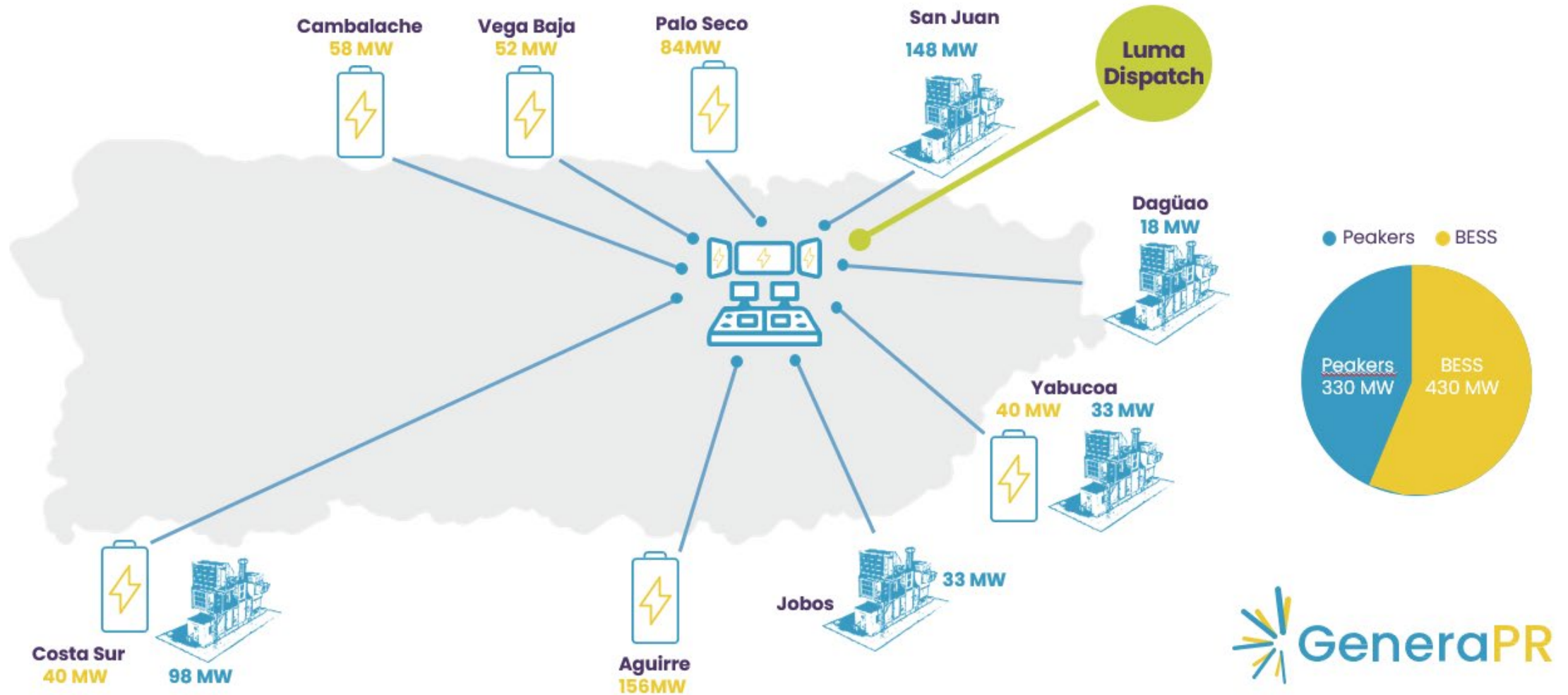
- ✓ Short-Term Repairs
- ✓ Critical Components Replacement
- ✓ BESS Project 430 MW
- ✓ Peaker Units Replacement Project

Goals and Objectives

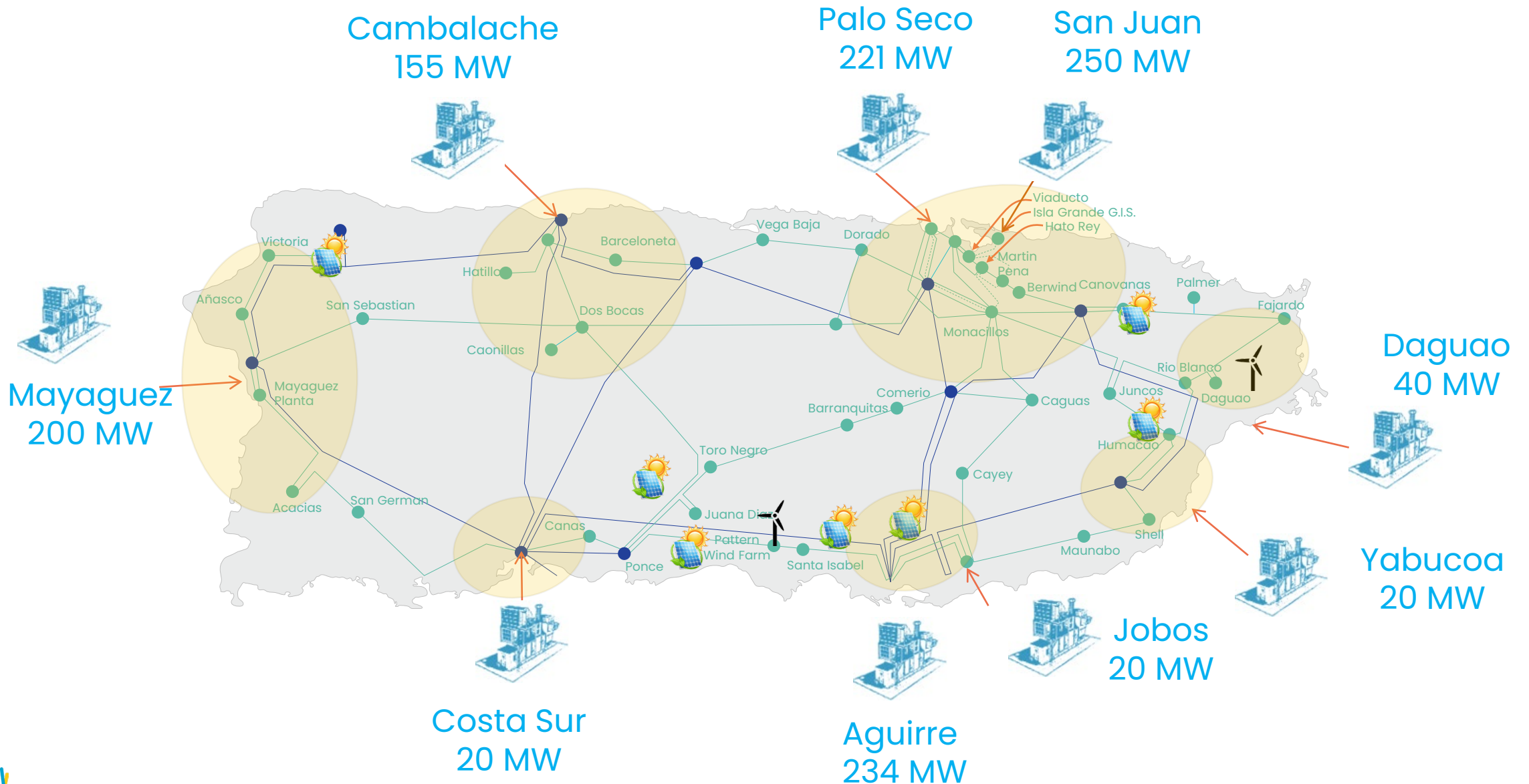


PEAKERS AND BESS

Proposed Locations and Capacity



ADDED BLACK-START CAPABILITIES



SAN JUAN 5&6 CONDENSER SEA WATER PIPELINE



Antes



Después



COSTA SUR RAW WATER TANK





Highlights of the Proposed GenCo Budget FY2025



FY2024–FY2025 GenCo Budget Comparison

# Entity / Line Item	FY2024	FY2025	FY24-FY25
	CERTIFIED	Proposed Budget	\$-Variance
1 GenCo			
7 Total Labor Operating Expenses	\$ 75,404	\$ 76,177	\$ 773
8 Non-Labor Operating Expenses			
9 Materials & Supplies	\$ 21,094	\$ 20,504	\$ (589)
10 Transportation, Per Diem, and Mileage	1,192	2,141	949
11 Insurance	-	3,000	3,000
12 IT Service Agreements	-	3,128	3,128
13 External Audit Services	-	300	300
14 Communications Expenses	-	886	886
11 Security	8,021	7,117	(904)
15 Utilities & Rents	3,616	18,188	14,572
16 Legal Services	13,000	9,950	(3,050)
17 Professional & Technical Outsourced Services	11,776	6,968	(4,808)
18 Regulation & Environmental Expenses	6,536	5,810	(726)
19 Other Expenses	5,868	5,806	(62)
20 Total Non-Labor Operating Expenses	\$ 71,103	\$ 83,797	\$ 12,694
21 Subtotal	\$ 146,507	\$ 159,974	\$ 13,467
22 Shared Services Agreement Impact	\$ 63,826	\$ 56,826	\$ (7,000)
23 Total Operating Expenses	\$ 210,333	\$ 216,800	\$ 6,467
24 Necessary Maintenance Expenses ("NME")	96,645	90,873	(5,772)
25 Generation Maintenance Reserve Fund	12,266	11,571	(695)
26 Total GenCo Operating and Maintenance Expenses	\$ 319,244	\$ 319,244	\$ 0



FY24 v. FY25 VARIANCES

1. Labor Expenses

- FY24 approved: \$75.4M
- FY25 request: \$76.2M
- The Labor Expenses line is comprised of Salaries & Wages, Pensions & Benefits, Overtime, and Pensions & Benefits for Overtime. Pensions & Benefits include medical insurance, 401k match, SS, Medicare, etc.
- The increase in is mainly driven by the medical insurance premium increase of at least 7%.

2. Materials & Supplies

- FY24 approved: \$21.1M
- FY25 request: \$20.5M
- The Materials & Supplies line is comprised of plant materials (caustic soda, oil, etc.), safety supplies, security materials, IT software, and corporate office materials & supplies.
- The decrease is due to expenses cuts to efficiencies and availability of opportunities to fund through the Reserve Account.

3. Transportation, Per Diem & Mileage

- FY24 approved: \$1.2M
- FY25 request: \$2.1M
- The Transportation, Per Diem & Mileage line is comprised of fleet maintenance, repairs and inspections, and employee mileage and accommodation.
- The increase in Transportation, Per Diem & Mileage is due to an underestimated FY24 projection. The current expenses are higher than expected.



FY24 v. FY25 VARIANCES

4. Utilities & Rent

- FY24 approved: \$3.6M
- FY25 request: \$18.2M
- The Utilities & Rent line is comprised of \$18.1M in water expense and \$0.05 for an emergency response office rent.
- The increase in Utilities & Rent is due to a an underestimated FY24 water projection. The current expenses are higher than expected. Further, the increase is also due to the new water expense from the operation of the TM2500 recently acquired by PREPA (\$2.9M).

5. Professional & Technical Outsourced Services

- FY24 approved: \$11.8M
- FY25 request: \$7.0M
- The Professional & Technical Outsourced Services line is comprised of environmental expenses, training, and professional service contractors.
- The decrease is due to an account reapportionment. Part of what was considered Professional & Technical Outsourced Services in FY24 is now in IT Service Expense, External Audit Services and Communication Expenses.

6. Insurance

- FY24 approved: \$0.0M
- FY25 request: \$3.0M
- The Insurance line is comprised of General insurance policies (auto liability, business travel, etc.) and broker fees.
- The increase in costs is due to a an underestimated FY24 projection. This category of insurance expense was not budgeted for FY24.



FY24 v. FY25 VARIANCES

7. Security

- FY24 approved: \$8.0M
- FY25 request: \$7.1M
- The Security line is comprised of outsourced services expenses related to the Security's department (Genesis contract, professional service contractors, trainings, etc.)
- The decrease is mainly driven by a decrease in Genesis's contract cost.

8. IT Service Agreements

- FY24 approved: \$0.0M
- FY25 request: \$3.1M
- The IT Service Agreements line is comprised of Outsourced & Professional Services expenses related to the IT's Department. This line was not part of the FY24 budget detail.
- The increase is due to an account reapportionment. Part of what was considered Professional & Technical Outsourced Services in FY24 is now in IT Service Expense, External Audit Services and Communication Expenses.

9. Legal Services

- FY24 approved: \$13.0M
- FY25 request: \$10.0M
- The Legal line is comprised of Outsourced & Professional Services expenses related to the department.
- The decrease is due to an overestimation in the FY24 projection. The current expenses are less than expected.



FY24 v. FY25 VARIANCES

10. Regulatory & Environmental Inspection

- FY24 approved: \$6.5M
- FY25 request: \$5.8M
- The Regulatory & Environmental Inspection line is comprised of environmental related expenses such as environmental regulatory permits, waste disposal, etc.

11. External Audit Services

- FY24 approved: \$0.0M
- FY25 request: \$0.3M
- The External Audit Service line is comprised of Professional & Outsource Services costs related to External Audit Services.
- The increase is due to an account reapportionment. Part of what was considered Professional & Technical Outsourced Services in FY24 is now in IT Service Expense, External Audit Services and Communication Expenses.

12. Communications Expenses

- FY24 approved: \$0.0M
- FY25 request: \$0.9M
- The Communication Expenses line is comprised of Professional & Outsource Services costs related to External Audit Services such as advertising and branding.
- The increase is due to an account reapportionment. Part of what was considered Professional & Technical Outsourced Services in FY24 is now in IT Service Expense, External Audit Services and Communication Expenses.



FY24 v. FY25 VARIANCES

13. Other Expenses

- FY24 approved: \$5.9M
- FY25 request: \$5.8M
- The Other Expenses line is mainly comprised of IT Licenses and Corporate Affairs Department expenses related with community associations.
- The decrease in Other Expenses is due to an overestimation in the FY24 projection. The current expenses are less than expected.

14. Shared Services Agreement

- FY24 approved: \$63.8M
- FY25 request: \$56.8M
- The Shared Services line is comprised of Insurance and IT/Accounting services managed by LUMA.
- The decrease is due to the expectation of all shared services will be terminated by September 2024.

15. Necessary Maintenance Expense

- FY24 approved: \$96.6M
- FY25 request: \$90.9M
- The NME line is comprised of capital expenditures and O&M for plants and units. It includes the O&M for the new Temp Power (TM 2500) units.
- NME for FY25 is projected to be less than FY24 since a significant portion of Genera's projects will be financed through federal funds.



FY24 v. FY25 VARIANCES

16. Generation Maintenance Reserve Fund

- FY24 approved: \$12.3M
- FY25 request: \$11.6M
- The Generation Maintenance Reserve Fund line is comprised of contractors under request for Power Plants repairs.





Necessary Maintenance Expense



AGUIRRE COMBINED CYCLE

DESCRIPTION	FY2025
Major inspection of units GT 2-3.	\$6,400,000
HGPI 1-4	\$2,200,000
Gas Turbine Rotor Refurbish MS7001B/AE	\$1,500,000
Generator Rotor Full Rewind	\$1,400,000
Steam Path, Steam Pipes & Auxiliar Repair and Rehabilitation	\$1,000,000
Relocate Transformer	\$975,000
Turbine Driven Boiler Feed Pumps Bundle Acquisition	\$500,000
Manufacture and Delivery BFWP 5,000 HP Motor	\$500,000
Replace Cable 4/0 AWG/4.16Kv/8Kv - Bunker C SP1-1 Pumps	\$250,000
Manufacture and Delivery of 2 Breakers 245kV	\$250,000
TOTAL	\$14,975,000



AGUIRRE STEAM

DESCRIPTION	FY2025
Aguirre Unit 2 - Environmental Maintenance Project	\$2,500,000
HP & IP Rotors Rehabilitation & Trip block & H2 seals replacement U2	\$2,055,126
Generator Spare Rotor Rewind	\$1,800,000
Structural Rehabilitation Nautilus Water Tank, Water Treatment Plant	\$850,000
Replacement Battery Banks Units 1&2	\$415,000
Improvements to the pier and replacement of sections of lines for fuel	\$375,000
Manufacture and Delivery of Flow Control Valves DCV-1	\$320,000
TOTAL	\$8,315,126



PALO SECO

DESCRIPTION	FY2025
New Demi Water Tank #2	\$1,800,000
Instrumentation for Performance Test of Units 3 & 4	\$600,000
Replacement Multi-Media Filters WTP	\$600,000
Manufacture and Delivery of a Deaerator Pump	\$412,000
Unit #4 Economizer Water Inlet Valve	\$150,000
WTP Acid & Soda Pumps Replacement	\$100,000
TOTAL	\$3,662,000



SAN JUAN

DESCRIPTION	FY2025
LTSA Units 5&6	\$11,000,000
Water Treatment Plant Nautilus Tank # 1 and # 2 Rehabilitation & Repair	\$600,000
Replacement Battery Banks CTGs Units 7-10	\$455,000
Replacement of the Online Condenser Cleaner Unit 6	\$450,000
DEMI Water Treatment Resin Purchase	\$150,000
Upgrade Communication Profibus U5-6	\$100,000
HRSG Hot Spots Mitigations U6	\$75,375
Safety Valves Rehabilitation and Certification U5-6	\$49,000
TOTAL	\$12,879,375



COSTA SUR

DESCRIPTION	FY2025
Manufacture and Delivery of Hot Sections Baskets Unit 5&6 Air Heaters	\$1,032,000
Repair of the Water Treatment System for Water of Process	\$1,000,000
Repair Cooling Tower Unit 5	\$850,000
Manufacture and Delivery of Bifurcate (Boiler) Tubes Unit 5	\$255,000
Water Treatment Plant Maintenance Services (Sewer and Processed Waters)	\$250,000
Water Pretreatment and Treatment (DEMI)Reverse Osmosis & Electrodionization	\$250,000
TOTAL	\$3,637,000



CAMBALACHE

DESCRIPTION	FY2025
Purchase of Materials for Turbo Compressor Inspection C	\$10,000,000
Inspection A, B & C	\$3,500,000
Structural Rehabilitation Fuel #2	\$1,500,000
Generator Inspection & Maintenance	\$300,000
AVR Replacement Work 2-3	\$160,000
Compressor Inspection & Maintenance	\$100,000
TOTAL	\$15,560,000



MAYAGUEZ

DESCRIPTION	FY2025
Hot Section Inspection Unit 4A	\$4,500,000
4 Generator (Brush) Major Inspection	\$1,850,000
Reparacion & Remplazo Componentes Combustores Unidad 2B	\$550,000
Repair & Replace Combustors Components Unit 3A	\$550,000
Multi Media Filter Demi Plant	\$300,000
Washer RO (3) Demi Plant	\$40,000
Demi Plant Services & Hydro Test	\$40,000
TOTAL	\$7,830,000



PEAKERS

DESCRIPTION	FY2025
Major Inspection Frame 5000 (PS1-1, PS 2-1, Jobos 1-2)	\$3,500,000
MobilePac Annual Audit	\$450,000
MobilePac Borescope Inspection & Turbine Alignment (6 inspections)	\$240,000
Combustion Inspection & Repair Frame 5000	\$200,000
Fuel Nozzle Repair & Replacement Frame 5000	\$150,000
TOTAL	\$4,540,000



ALL SYSTEM AND TEMPORARY POWER

DESCRIPTION	FY2025
Emergency Blackstart System Lease	\$1,100,000
Manufacture & Delivery Traveling Screen	\$1,000,000
O&M - Temporary Power (TM 2500)	\$17,374,586
TOTAL	\$19,474,586



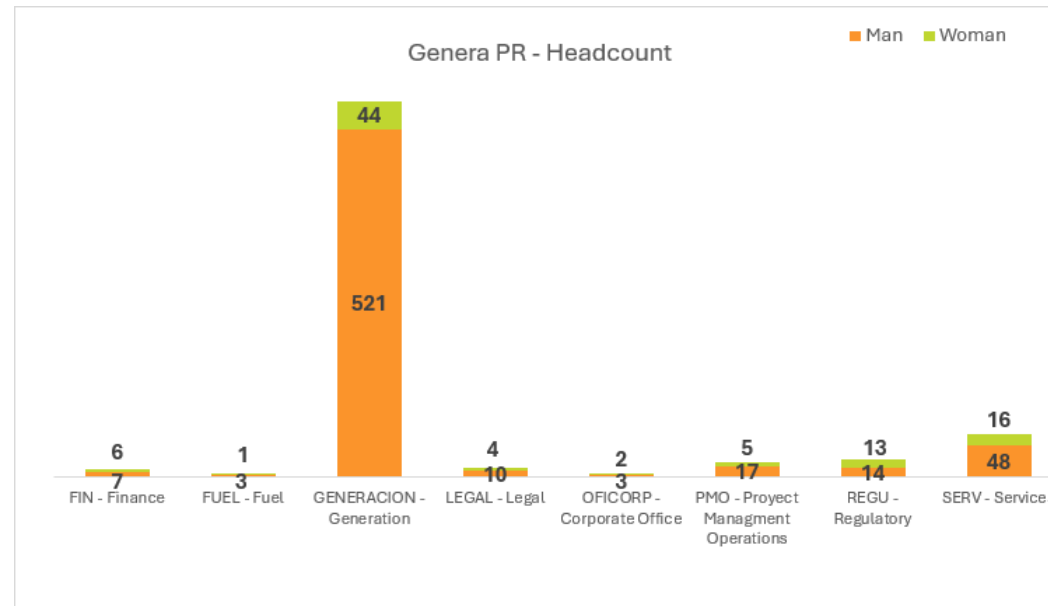


Labor Investment



LABOR INVESTMENT

Genera's workforce totals **714** dedicated employees and is distributed across various departments, with **565** professionals in the operations department alone. These employees, with their technical background and administrative skills, are **instrumental** in operating and supporting the needs of our generation plants in Puerto Rico.



Genera's recruitment efforts are not just about filling positions but about strategically designing roles to complement the staffing plans of each department. With approximately 40 positions currently open, we are ensuring a well-rounded and capable workforce for the future.



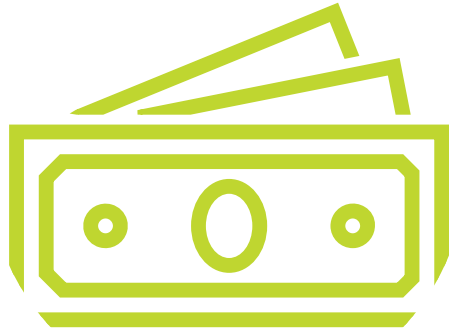
LABOR INVESTMENT

Genera has made significant strides in expanding its workforce. While most of the current headcount was recruited from the PREPA, as indicated in Generation O&M Agreement, the company has also focused on attracting additional talent to complement the needed skills. Since commencement, over **190 employees** have been added to the headcount. These additions, along with other movements such as replacements and promotions, have strengthened capacities and provided career opportunities, painting a promising picture for Puerto Rico's future.

Genera Recruitment			
Fiscal Year	External Hires	Replacement	Internal Movement
July	96		
August	13		
September	13		4
October	18	2	3
November	15	4	
January	9	5	7
February	7	1	5
March	4	3	2
April	7	5	1
May			
Total	182	20	22



LABOR INVESTMENT



FY25 Budget Request

\$76.2M



Labor Details

The Labor Expenses line is comprised of Salaries & Wages, Pensions & Benefits, Overtime, and Pensions & Benefits for Overtime. Pensions & Benefits include medical insurance, 401k match, SS, Medicare, etc.





Warehouses



INVENTORY LEVELS AS OF JUNE 2024

Warehouse	Items	%	Units	%	Inventory Cost	%
Palo Seco Power Plant	18,714	29%	669,090	24%	\$27,935,078.67	25%
San Juan Power Plant	15,129	23%	697,836	25%	\$29,604,943.87	26%
Aguirre Power Plant	16,858	26%	715,509	26%	\$24,304,859.65	22%
Costa Sur Power Plant	14,525	22%	702,895	25%	\$29,959,750.27	27%
Total	65,226		2,785,330		\$111,804,632.46	

