

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN – DECEMBER
2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Resolution and Order to *Request for Approval of Operation, Fleet and Equipment Purchase Project SOW*, filed by Genera on May 28, 2024.

RESOLUTION AND ORDER

I. Introduction and Background

On March 26, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("March 26 Resolution") through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to submit each specific capital investment project for approval to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan.¹ To streamline the process, the Energy Bureau requested PREPA to submit the specific projects to the Energy Bureau at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the Federal Emergency Management Agency ("FEMA"), and any other federal agency,² and to continue reporting to the Energy Bureau and FEMA, within the next five (5) years, the progress of all ongoing efforts related to the final approval of the submitted projects not yet approved by the Energy Bureau.

On January 24, 2023, GENERA PR LLC ("GENERA"), PREPA, and the Puerto Rico Public-Private Partnership Authority ("P3A") executed the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA"). According to the LGA OMA, GENERA is the sole operator and administrator of the Legacy Generation Assets³, and the exclusive entity authorized to represent PREPA before the Energy Bureau about any matter related to the performance of the Operation and Maintenance ("O&M") services provided by GENERA under the LGA OMA. Further, GENERA is the sole entity responsible for procuring and administering federal funds for projects to repair or replace the LGA.⁴

On May 28, 2024, GENERA filed a document titled *Request for Approval of Operation, Fleet and Equipment Purchase Project SOW* ("May 28 Request"). GENERA include as Exhibit A, a project Scope of Work ("SOW") for the Operation, Fleet and Equipment purchase and as Exhibit B an inventory of vehicles mentioned as "outdated and non-functional fleet", such Exhibit B includes a list of the vehicles and photos.

On June 17, 2024, the Energy Bureau issued a Resolution and Order ("June 17 Resolution") deferring for further evaluation the SOW presented by GENERA on the May 28 Request, to ensure the project is aligned with the directives and orders of the March 26 Order. The Energy Bureau ordered GENERA to: (i) explain if the project is related to the damages under the DR-4399-PR Public Assistance Program⁵, (ii) explain if the works to be performed are related to the damages mentioned in item 1 and if such works are to be performed by GENERA's own forces, and (iii) explain if the works to be performed are considered under the FEMA's Hazard Mitigation Programs.

¹ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

² March 26 Resolution, pp. 14-15.

³ As defined in the LGA OMA.

⁴ LGA OMA, Section 5.8 (c).

⁵ FEMA's Public Assistance Program to respond and recover from Hurricane Maria's disaster.



On June 18, 2024, the Energy Bureau issued a Resolution NUNC PRO TUNC (“June 18 Resolution”) to clarify that the information requested on the June 17 Resolution must be submitted within ten (10) days form the notification date of the June 18 Resolution.

On June 28, 2024, GENERA filed a document titled *Motion to Submit Response in Compliance with Resolution and Order dated June 17, 2024* (“June 28 Motion”) to respond to the request of information (“ROI”) of the June 17 Resolution. GENERA included as Exhibit A its responses to the June 17 Resolution ROI.

II. Evaluation and Analysis

A. May 28 Request

Through the May 28 Request, GENERA informed their intentions to submit the SOW to COR3 and FEMA for their respective approvals, due to the critical need to invest in various asset equipment categories to significantly enhance the repair and response capabilities of its power generation plants.⁶

GENERA informed that in July 2023, they receive about 125 vehicles from GenCo’s⁷ inventory but about 80% of this fleet is over fifteen (15) years old and in suboptimal conditions and that the aging conditions of these vehicles imposes continuous and substantial repair costs, severely disrupting the smooth flow of daily operations.⁸

GENERA states that (i) to effectively manage emergencies, they must have access to a diverse range of reliable equipment and vehicles designed to swiftly mitigate risks and handle unexpected challenges and (ii) by investing in these resources, GENERA greatly enhance its operational capabilities.⁹

GENERA states that the SOW includes only the purchase and delivery of the equipment, and no other Environmental and Historic Preservation (“EHP”) requirements are applicable.¹⁰ The total estimated amount for this SOW is **\$18,912,976.00**.

B. June 28 Motion

On the June 28 Motion GENERA responded that under the FAASt Project #136271 (Equipment and Materials), FEMA approved \$9.98 billion under Disaster #4339 DR and the damage #250040¹¹ describes and quantifies the damages at the power plants. That the award is intended to allow funding for PREPA to repair and restore the Puerto Rico electric power infrastructure to industry standards, without regard to pre-disaster condition, and to restore components not damaged by the disaster, when necessary to effectuate restoration of the disaster-damaged components, resulting in restoration of the function of the facility or system to industry standards as authorized by Section 20601 of the Bipartisan Budget Act of 2018 and described in FEMA Recovery Policy FP-104009-5 Version 2.¹²

GENERA also indicates that vehicles and equipment fall under the eligibility considerations by the Public Assistance Program and Policy Guide (PAPPG) (V3.1) which governs hurricane Maria Disaster. The Damage #250040 report also summarize that all aspect of the generation facilities received damages and that operational equipment such as vehicles, boats, cranes,

⁶ May 28 Motion, p.2, ¶ 2.

⁷ Refers to PREPA’s subsidiary as owner of the Legacy Power Generation Assets.

⁸ May 28 Motion, p. 2, ¶ 3.

⁹ *Id.*, p. 3, ¶ 4.

¹⁰ May 28 Motion, Exhibit A, pp. 15-19.

¹¹ For Island Wide Generation Plants.

¹² June 28 Motion, Exhibit A, p. 1.



forklift, vacuum trucks, etc. are eligible equipment under Section 428 FAAS Project as Cat. E.

GENERA informs that the purpose of this purchase is to restore PREPA's operational fleet to perform daily maintenance and operational activities and not to perform repairs related to other damages.¹³

GENERA states that the list of the equipment requested and the damages to the generation facilities are related under Damage #250040, that equipment purchase will be undertaken by GENERA's procurement office and the equipment acquisition is not considered under any of FEMA's Hazard Mitigation Programs.

III. Energy Bureau Determination

The Energy Bureau **APPROVES** the project in **Attachment A** to this Resolution and Order. This approval represents **\$18,912,976.00** based on the information submitted by GENERA through the May 28 Motion.

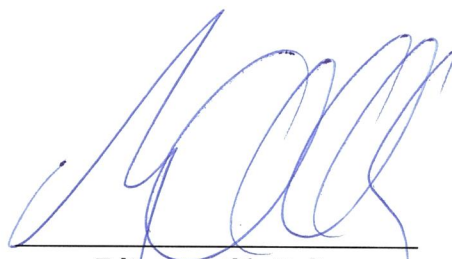
The project approved in **Attachment A** to this Resolution and Order, shall be presented to FEMA and COR3 to finalize their approval process for the request of federal funds. The Energy Bureau approves this project based on the information from GENERA. Should the scope of the project change or the request for the federal funds are not approved for such project, GENERA **SHALL** immediately seek the Energy Bureau's approval of such changes.

The Energy Bureau **ORDERS GENERA** to (i) submit to the Energy Bureau copy of the approval by COR3 and/or FEMA of the equipment acquisition in **Attachment A**, which shall have the costs obligated for each equipment within ten (10) days of receipt of such approval; (ii) provide the Energy Bureau the actual contracted cost to acquire each equipment in **Attachment A**, within ten (10) days from the execution of the contract; and (iii) inform the Energy Bureau once the equipment are acquired.

The Energy Bureau **REMINDS** GENERA that the requirement established in the March 26 Resolution regarding the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3 remains unaltered.

The Energy Bureau **WARNS** GENERA that, noncompliance with any provision of this Resolution and Order, may result in the imposition of fines pursuant to Act 57-2014 and applicable Energy Bureau's regulations and any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

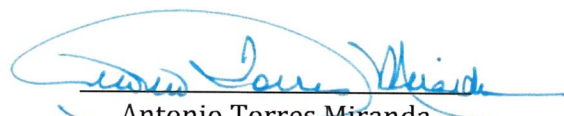
Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

¹³ *Id.*, p. 2.



CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on July 24, 2024. Also certify that on July 24, 2024, I have proceeded with the filing of this Resolution and Order and was notified by email to arivera@gmlex.net; mvalle@gmlex.net; laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; julian.angladapagan@us.dlapiper.com; alopez@sbgblaw.com; jfr@sbgblaw.com, legal@genera-pr.com, regulatory@genera-pr.com.

I sign this in San Juan, Puerto Rico, today, July 24, 2024.



Sonia Seda Gaztambide
Clerk



Attachment A
Project SOW approved by the Energy Bureau

Equipment	Intended use	Unit Cost	Total Units	Total Cost
Rugged Off-Road Utility Task Vehicle	Daily operations, inspection and monitoring.	\$25,000	15	\$375,000
Digger	Excavations.	\$150,000	4	\$600,000
Acquisition of Overhead Crane Turbine Deck	Load and unload of equipment and supplies.	\$5,500,000	1	\$5,500,000
Turbine Area Crane	Load and unload of equipment and supplies.	\$1,575,000	1	\$1,575,000
RT Crane (30-50 tons)	Load and unload equipment and supplies.	\$200,000	7	\$1,400,000
Telescopic material handler	Lifting heavy equipment and materials to elevated areas.	\$315,000	7	\$2,205,000
Forklift (5 tons)	Movement of material and merchandise.	\$50,000	7	\$350,000
Forklift (8-10 tons)	Movement of material and merchandise.	\$70,000	14	\$980,000
Aerial Work Platform	Safe working in elevated locations.	\$38,500	4	\$154,000
Man Lift Crane	Reaching elevated areas.	\$135,000	7	\$945,000
SUV (4 doors)	Monitoring, inspections, internal personnel movements.	\$60,000	8	\$480,000
Pick-up 4x4 Crew Cab	Mobilization of vessels, movement of equipment, materials and personnel.	\$56,998	12	\$683,976
Pick-up 4x2 Single Cab	Daily operations, monitoring and inspections, transportation of equipment and personnel.	\$40,000	16	\$640,000
Vacuum Truck	Response to environmental emergencies, cleaning of water wells and dikes.	\$275,000	7	\$1,925,000
Cargo Van	Movement of merchandise, equipment and materials.	\$45,000	5	\$225,000
Platform Truck	Movement of merchandise, equipment, materials and heavy parts.	\$75,000	7	\$525,000
23' - 25' Canter Console Boat twin-engine	Quick response and access to marine emergencies and repairs.	\$175,000	2	\$350,000
TOTAL				\$18,912,976

