

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

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY'S PERMANENT RATE

CASE NO.: NEPR-MI-2020-0001

SUBJECT: Notice of Virtual Prehearing
Conference – Critical Liquidity Issues

ORDER

I. Procedural Background

On October 16, 2024, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("October 16 Resolution"). That Resolution ordered the Puerto Rico Electric Power Authority ("PREPA") to respond to the Energy Bureau's questions about LUMA's¹ Current System Liquidity. The Order also directed PREPA to address LUMA's allegations that PREPA has "chronically failed" to fully fund LUMA's Service Accounts, as required—according to LUMA—by the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") and the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA").

On October 25, 2024, PREPA filed a document titled *Motion in Compliance with Resolution and Order of October 16, 2024* ("October 25 Motion"). In that Motion, PREPA contended that its obligations to fund LUMA's Service Accounts are "contingent" on the availability of sufficient liquidity within PREPA's accounts. Those accounts, PREPA asserted, are sourced primarily from funding sources within LUMA's control.² PREPA contended that LUMA has been ineffective in accessing FEMA funds and in collecting payments from customers.³

Liquidity issues were also highlighted in a Confidential Communication to the Energy Bureau from Hon. Omar J. Marrero Díaz, Secretary of State and Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"). That Communication underscored the urgency of PREPA's liquidity challenges and the imminent need to address these cash constraints with short- and long- term solutions—solutions that would allow PREPA to adequately fund Service Accounts under the T&D OMA and the LGA OMA. AAFAF urged the Energy Bureau to "take all actions deemed necessary" to ensure that PREPA has sufficient liquidity to carry out its functions, including the replenishing of the Service Accounts.

On October 30, 2024, the Energy Bureau issued a Resolution and Order ("October 30 Resolution").⁴ That Order designated me as Hearing Examiner to address the referenced "critical liquidity issues." The Energy Bureau emphasized the urgency of the situation. It authorized me to evaluate all positions and perspectives thoroughly and to issue a final recommendation to the Energy Bureau. As is typical for appointments of hearing examiners, the Order granted me the authority to (1) administer oaths and take depositions; (2) issuing subpoenas; (3) receive and evaluate evidence; (4) preside hearings; and (5) hold conferences to streamline procedures. This does not include the imposition of administrative fines.

II. Notice of Prehearing Conference

Given the stated urgency, I will hold a virtual Prehearing Conference on **Friday, November 8, 2024 beginning at 10:00 AM Atlantic Standard Time (AST)**. Together we will use this Prehearing Conference to clarify the scope of the matters before me, identify all legal and factual issues, address any procedural questions (including, without limitation, discovery, my possible other work for the Bureau, and the relationship of this matter to other matters

¹ LUMA Energy, LLC and LUMA Energy ServCo, LLC (referred to jointly as "LUMA")

² *Id.*, pp. 2 -3.

³ *Id.*, p. 3-4, ¶¶ 1.5, 1.6.

⁴ See, Resolution and Order, *In Re: PUERTO RICO ELECTRIC POWER AUTHORITY'S PERMANENT RATE*, CASE NO.: NEPR-MI-2020-0001, October 30, 2024 ("October 30 Resolution").



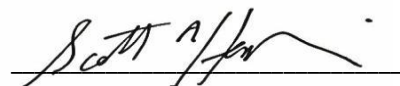
pending before the Bureau), identify parties and their potential contributions to the evidentiary record, and any other relevant matters parties wish to discuss. I invite parties to submit to me, via official filings submitted no later than **Thursday, November 7 at 10:00 AM**, a list of questions they wish to cover at the Prehearing Conference. (This is a request for issues, not arguments.) From that list and my own list, I will issue an agenda by Thursday evening. In addition to filing these submissions with the Energy Bureau, please email a copy to me at **shempling@scotthemplinglaw.com**.

Following the Prehearing Conference I will issue an order on scope and procedures.

III. Conclusion.

A **virtual Prehearing Conference** in this matter will occur **Friday, November 8, 2024 beginning at 10AM AST**. PREPA, LUMA, and Genera⁵ shall make representatives available to participate in this virtual conference. Additional details to follow.

Be notified and published.



Scott Hempling
Hearing Examiner

CERTIFICATION

I certify that the Hearing Examiner, Scott Hempling, has so established on November 1st, 2024. I also certify that on November 1st, 2024 a copy of this Order was notified by electronic mail to arivera@gmlex.net; yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com, hriviera@jrsp.pr.gov; legal@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com. I also certify that on November 1st, 2024, I proceeded with the filing of the Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, on November 1st, 2024.


Sonia Seda Gaztambide
Clerk

⁵ Genera PR LLC ("Genera").