

**GOVERNMENT OF PUERTO RICO
PUERTO RICO PUBLIC SERVICE REGULATORY
BOARD 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 for the
Scope of Works (SOWs) of twenty-three
(23) Projects in Connection with Genera's
FY2025 NME Budget Reallocation Request

RESOLUTION AND ORDER

I. Introduction and Factual Background

On May 25, 2024, LUMA¹ filed a document titled *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY2025 and Budget Allocations for the Electric Power System* ("May 25 Motion")², through which LUMA submitted for approval the Transmission & Distribution Budgets and supporting information for which confidentiality was asserted. LUMA stated that its workpapers would be submitted separately under seal of confidentiality. LUMA also provided, with no representations, the GenCo Budgets. LUMA advised that as of the filing, date, PREPA³ had not concluded its budget approval process for HydroCo or HoldCo, and therefore, LUMAs filing did not include budgets from HoldCo or HydroCo.

On June 26, 2024, the Energy Bureau of the Puerto Rico Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("June 26 Resolution"),⁴ through which, the Energy Bureau modified and approved as modified the budgets submitted by LUMA in the May 25 Motion subject to certain reporting requirements.

On August 23, 2024, Genera⁵ filed a document titled *Motion to Request Reapportionment of GenCo's FY2025 Necessary Maintenance Budget* ("August 23 Motion") in the same case (NEPR-MI-2021-0004), through which, Genera requested authorization to reapportion its approved Necessary Maintenance Expense ("NME") Budget for FY2025.

On August 28, 2024, Genera filed a document titled *Motion to Supplement the Reapportionment Request of GenCo FY2025 Necessary Maintenance Expense Budget* ("August 28 Motion")⁶, through which, Genera expanded on the need for the requested reapportionment of funds, mainly those to operate the 14 TM2500 aeroderivative gas generators. In the August 28 Motion, Genera also expanded on their assertion to reevaluate the approved NME budget allocation to better align with its current and projected needs to ensure reliability. In addition, the proposed reallocation included modifying the source of funding for some existing and budgeted projects to alternative Federal Funding sources.

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

² *In re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY2025 and Budget Allocations for the Electric Power System*, filed by LUMA on May 25, 2024.

³ Puerto Rico Electric Power Authority ("PREPA").

⁴ Resolution and Order, *In re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, June 26, 2024.

⁵ Genera PR LLC ("Genera").

⁶ *In re: LUMA Initial Budgets and Related Terms of Service*, Case No.: NEPR-MI-2021-0004, *Motion to Supplement the Reapportionment Request of GenCo FY2025 Necessary Maintenance Expense Budget* filed by Genera on August 28, 2024.



On September 9, 2024, the Energy Bureau issued a Resolution and Order ("September 9 Resolution"),⁷ through which, the Energy Bureau ordered Genera to explain and support each listed NME project and, for each listed NME project being funded with Federal Funds, to explain its assertion that such funding will be available at the specific levels projected and the status, timeframe and any restrictions on such funding.

On September 23, 2024, Genera filed a document titled, *Motion Submitting Response to Resolution and Order Dated September 9, 2024* ("September 23 Motion"),⁸ through which Genera responded to the Energy Bureau's September 9 Resolution, purportedly containing detailed explanations and justifications for the proposed adjustments to the NME budget allocations and their assertions about availability of FEMA funding for some NME projects.

On October 28, 2024, the Energy Bureau issued a Resolution and Order ("October 28 Resolution"),⁹ through which the Energy Bureau identified and approved, as Attachment A, the proposed NME budget modifications, among other decisions. The Energy Bureau also ordered Genera to submit in the instance case, the required SOW for each NME projects which Genera attributes Federal Funding and have not been previously submitted for the consideration of the Energy Bureau.¹⁰

On November 4, 2024, Genera filed a document titled *Motion Submitting Seven (7) Scope of Works in Connection with Genera's FY2025 NME Budget Reallocation Request* ("November 4 Motion"), through which Genera included, as Exhibit A, seven (7) SOWs covering fifteen (15) NME projects to which Genera attributes Federal Funding.

On November 27, 2024, Genera filed a document titled *Motion Submitting Nine Scope of Works in Connection with Genera's FY2025 NME Budget Reallocation Request* ("November 27 Motion"), through which Genera included, as Exhibit A, the remaining required SOWs for the NME projects not yet been submitted for evaluation by the Energy Bureau and to which Genera attributes Federal Funding.

II. Discussion

As Exhibit A in the November 4 and November 27 Motions, Genera included the SOWs for a total of twenty-five (25) Projects to which Genera attributes federal funding, detailed and grouped in seven (7) SOWs submitted with the November 4 Motion and nine (9) SOWs with the November 27 Motion. The later included, as Exhibit B, a reference table depicting which NME Project Genera attributes federal funding.

The November 27 Motion included five (5) SOWs that were already submitted in the November 4 Motion, with the exclusion of SOW for Mayagüez and SOW for San Juan. Upon review, the Energy Bureau noticed that Genera did not submit an SOW for one repair activity to which Genera attributed federal funding: Project No. 7 for San Juan Plant (*LTSA Units 5 & 6*).¹¹ The Energy Bureau needs clarification of the status of that activity and if it is going to be kept as a federal funded project and a timeline when the ISOW will be filed with the Energy Bureau

⁷ Resolution and Order, *In re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, September 9, 2024.

⁸ *In re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, *Motion Submitting Response to Resolution and Order Dated September 9, 2024* filed by Genera on September 23, 2024.

⁹ Resolution and Order, *In re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, October 28, 2024.

¹⁰ October 28 Resolution, p. 6.

¹¹ October 28 Resolution, Table 1, p. 5.



The Energy Bureau also noted inconsistencies within the SOWs submitted for approval and the list of projects for which Genera attributed federal funding included in their September 23 Motion. For instance, the SOW for Aguirre Steam Plant, on both Motions, includes the project titled "*Improvement to the Pier and Replacement of Sections of Fuel Oil Pipelines*" (No. 23 of the NME activities on Attachment A of the October 28 Resolution), that was not included as a potentially federal funded project in the September 23 Motion, nor mentioned in Exhibit B of the November 27 Motion. That NME activity has a budget of \$375,000 and the Energy Bureau is unaware of the disposition or availability of the NME funds.

Also, the SOW for Mayaguez in the November 4 Motion included a project activity titled "*Inspection and Reparation of 4 Generators*" (No. 43 of the NME activities on Attachment A of the October 28 Resolution by the Energy Bureau) which was not originally mentioned in the list, but then Genera removed the activity project with the November 27 Motion for Mayagüez. The Energy Bureau needs clarification on the funding allocation for these projects.

The SOW for the Aguirre Steam Plant submitted in the November 27 Motion included the project *Manufacture and Delivery BFWP 5,000 HP Motor* (No. 36)¹², for which no estimated cost was provided. Additionally, SOW for Palo Seco, project did not include estimated costs for the *Unit #4 Economizer Water Inlet Valve* (No.16)¹³ and *Unit #4 Major Repair* (No. 59).

III. Conclusion

The Energy Bureau **TAKES NOTICE** of Genera's November 4 and November 27 Motions requesting approval for Seven (7) SOWs, and Nine (9) SOWs, respectively. The Energy Bureau **ORDERS** Genera to clarify the status of project No. 7 of the September 23 Motion. In addition, the Energy Bureau **ORDERS** Genera to clarify the funding status for NME projects No. 23 and No. 43, as approved by the Energy Bureau in the October 28 Resolution.

Upon review, the Energy Bureau **APPROVES** the SOWs included in Attachment A of this Resolution and Order for a total of **\$46,471,000.00**. These projects were approved based on the information provided by PREPA, should the scope of the project changes, PREPA **SHALL** immediately seek the Energy Bureau's approval of such changes.

The Energy Bureau **ORDERS** PREPA to (i) submit to the Energy Bureau copy of the approval by COR3 and/or FEMA of the projects in **Attachment A** of this Resolution and Order, which shall contain the costs obligated for each project, **within ten (10) days of receipt of such approval**; (ii) provide the Energy Bureau the actual contracted cost to construct each project approved in the **Attachment A** of this Resolution and Order, **within ten (10) days from the execution of the contract**; and (iii) inform the Energy Bureau once the projects are completed.

The Energy Bureau **DENIES** the SOWs included in **Attachment B** of this Resolution and Order for absence of information required for an approval request, which is a cost estimate of the SOW. Therefore, the Energy Bureau **ORDERS** Genera to present, **within ten (10) days of the notification of this Resolution and Order**, an estimated cost distribution.

The Energy Bureau **WARNS** Genera that any request for SOW approval in which material information is absent to complete the Energy Bureau's revision, such as a cost estimate, shall be **DENIED** without further evaluation.

¹² October 28 Resolution, Table 1, p. 5.

¹³ *Id.*

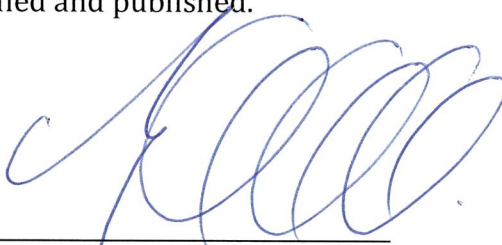


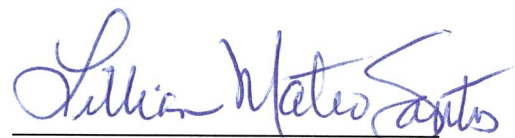
The Energy Bureau **APPROVES** the projects included as part of **Attachment A** to this Resolution and Order, which shall be presented to FEMA and COR3 to finalize its approval process.

The Energy Bureau **WARNS** GENERA that:

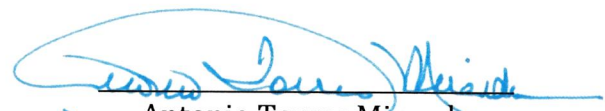
- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day;
- (ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, 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.

Be it notified and published.



Edison Avilés Deliz
Chairman

Lillian Mateo Santos
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on January 14, 2025. Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on January 14, 2025, a copy of this Resolution and Order was notified by electronic mail to arivera@gmlex.net; mvalle@gmlex.net; RegulatoryPREBOrders@lumapr.com; 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; and I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, on January 14, 2025.



Sonia Seda Gaztambide
Clerk

ATTACHMENT A

Table 1 – Repair Activities with Approved SOW for Genera to Request Federal Funding instead of NME (Nov. 4 Motion)

No.	Plant	Description	Estimated Cost
12	SJ	Water Treatment plant Nautilus Rank #1 and #2 Rehabilitation & Repair	\$1,500,000

Table 2 – Repair Activities with Approved SOW for Genera to Request Federal Funding instead of NME (Nov. 27 Motion)

No.	Plant	Description	Estimated Cost
4	CS	Repair Cooling Tower Unit 5	\$850,000
5	CS	Manufacture and Delivery of Bifurcate (Boiler) Tubes Unit 5	\$455,000
8	SJ	HRSG Hot Spots Mitigation U6	\$50,000
9	SJ	Safety Valves Rehabilitation and Certification U5-6	\$50,000
15	PS	WTP Acid & Soda Pumps Replacement	\$500,000
18	PS	New Demi Water Tank #2	\$2,450,000
19	PS	Replacement Multi-Media Filters WTP	\$1,000,000
22	Ag S	HP & IP Rotors Rehabilitation & Trip Block & H2 seals replacement U2	\$5,016,000
24	Ag S	Generator Spare Rotor Rewind	\$3,275,000
25	Ag S	Structural Rehabilitation Nautilus Water Tank, Water Treatment Plant	\$1,550,000
29	Ag CC	Major Inspection of Units GT 2-3	\$9,500,000
30	Ag CC	HGPI 1-4	\$2,200,000
33	Ag CC	Gas Turbine Rotor Refurbish MS7001B/AE	\$2,100,000
38	M	Repair & Replacement Combustor Components Unit 2B	\$550,000
39	M	Hot Section Inspection Unit 4A	\$9,000,000
42	M	Repair and Replace Combustors Components Unit 3A	\$675,000
49	C	Structural Rehabilitation Fuel #2	\$2,000,000
60	Ag CC	New Water Condensate Tank No. 2	\$2,000,000
TOTAL			\$46,471,000



ATTACHMENT B

Table 1 – Repair Activities in SOWs for which Genera did not include estimated costs (Nov. 4 and Nov. 27 Motions)

No.	Plant	Description
16	PS	Unit #4 Economizer Water Inlet Valve
36	Ag S	Manufacture and Delivery BFWP 5,000 HP Motor
59	PS	Unit #4, Major Repair

