

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

IN RE: REVIEW OF LUMA'S INITIAL BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Resolution and Order regarding *Motion for Reconsideration of a Budget Revision to Pay Settlement of the Oliveras and Estela Case*, filed by the Puerto Rico Electric Power Authority.

RESOLUTION AND ORDER

On April 24, 2024, the Puerto Rico Electric Power Authority ("PREPA") filed a document titled *Motion for Budget Revision to Pay Settlement of the Oliveras and Estela Case* ("April 24 Motion"), through which it requested that the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") grant the motion to revise the Fiscal Year 2024 ("FY24") PREPA HoldCo Non-Labor Budget to include an increase to the *Other Income* line item of \$2.0 million to cover a settlement reached in the Oliveras and Estela case. PREPA asserted that the settlement was in the best interests of both PREPA and the ratepayers.

PREPA stated that the Oliveras and Estela case, captioned as *George Oliveras-Vázquez and Others v. PREPA*, Case No.: SJ2020CV03569, was filed against PREPA for injuries incurred by Mr. Oliveras when he contacted a high voltage electrical wire while working on a private residence, which resulted in the above the knee amputation of both legs. While attempting to assist Mr. Oliveras, his cousin was also injured.

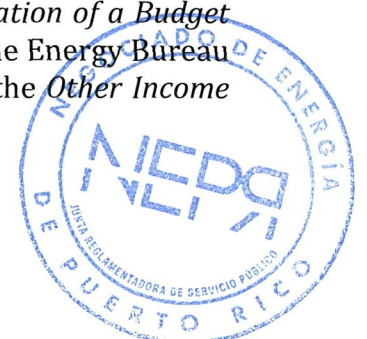
Before the accident, PREPA was aware of the dangerous and hazardous condition that the electrical wire posed. In 1999, the same wire had caused another injury on the same roof. PREPA was served with a lawsuit, *Maldonato-Tosado v AEE*, case no. KDP1999-1432. In response, PREPA accepted that the wire was dangerously close to the roof, that the proximity of the wire to the roof exposed third parties coming into contact with the wire, and that an accident as a result was foreseeable. PREPA, however, never (1) relocated the line; (2) ordered that the illegal connection be taken down; or (3) insulated the wire with an insulator.

PREPA stated that after carefully reviewing its exposure regarding liability and applicable case law involving awards to plaintiffs who suffered similar damages, the Oliveras and Estela case was valued as a potential adverse judgement range of over \$7.0 million. This includes (i) an uncontested Life Care Plan valued by an economist at \$4,036,475; (ii) Future Salaries valued by a CPA at \$393,092; (iii) Emotional Pain and Suffering of all plaintiffs at \$1 million; and (iv) the pain and physical suffering of Mr. Oliveras and Mr. Estela valued at \$2 million. Given the potential adverse judgement of more than \$7 million, PREPA's Governing Board determined the settlement to be in the best interests of PREPA and its ratepayers and approved the \$2.0 million settlement on March 13, 2024, through Resolution 5115.

PREPA noted that there was no current budget for the proposed settlement and requested approval of the settlement through revision of the FY24 PREPA HoldCo Non-Labor Budget to include an increase to the *Other Income* line item by \$2.0 million to cover the proposed settlement.

On August 12, 2024, the Energy Bureau denied PREPA's April 24 Motion as the request was untimely and because PREPA did not include funding in the FY24 budget for litigation settlement, and budgetary funds were not allocated for that purpose ("August 12 Resolution").

On October 8, 2024, PREPA filed a document titled *Motion for Reconsideration of a Budget Revision to Pay Settlement of the Oliveras and Estela Case*, requesting that the Energy Bureau reconsider its denial and approve the requested \$2.0 million increase to the *Other Income* line item of PREPA FY24 HoldCo Non-Labor Budget ("October 8 Motion").



Upon review of PREPA's October 8 Motion, the Energy Bureau **RECONSIDERS** its August 12 Resolution. After further evaluation, the Energy Bureau **DETERMINES** that allocating the requested funds is cost-effective and serves the best interest of the pending proceeding. However, consistent with sound fiscal management principles, the Energy Bureau **ORDERS** PREPA to identify the specific budgetary line(s) from which the two million dollars (\$2,000,000) will be reallocated to cover this expense. Such identification must be submitted to the Energy Bureau **within five (5) days** from the notification of this Resolution and Order.

The Energy Bureau **WARNS** PREPA that the **final approval of this budget revision is subject to the Energy Bureau's review and validation of the proposed source of funds.**

The Energy Bureau **GRANTS** confidential treatment to Exhibit 1 of the October 8 Motion, as requested and argued by PREPA.

Be it notified and published.

Edison Avilés Deliz
Chairman

Lillian Mateo Santos
Associate Commissioner

Ferdinand A. Ramos Soegaard
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 March 20, 2025. I also certify that on March 20, 2025 I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau and notified a copy of it by electronic mail to RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; mvalle@gmlex.net; arivera@gmlex.net; alopez@sbgblaw.com, jfr@sbgblaw.com, hrivera@jrsp.pr.gov, legal@genera-pr.com; regulatory@genera-pr.com.

For the record, I sign this in San Juan, Puerto Rico, on March 20, 2025.

Sonia Seda Gaztambide
Clerk

