

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

NEPR

Received:

Jul 15, 2025

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IN RE:

PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: NEPR-AP-2023-0003

SUBJECT: Motion to Submit Responses and
in Compliance with Hearing Examiner's
Order Posing Provisional Rate Review
Questions issued July 14th, 2025.

**MOTION TO SUBMIT RESPONSES AND IN COMPLIANCE TO HEARING
EXAMINER'S ORDER POSING PROVISIONAL RATE REVIEW QUESTIONS
ISSUED JULY 14TH 2025**

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 counsel of record, and respectfully state and request the following:

1. On July 14, 2025, the *Hearing Examiner issued an Order titled Hearing Examiner's Order Posing Provisional Rate Review Questions; Addressing PREPA's Challenge to LUMA's Request for Incremental Funding* ("July 14th Order"), including questions from the Energy Bureau's consultant regarding the review of the provisional rate request. Questions 17 through 24 of Attachment A of the July 14th Order^{14th Order} were directed to Genera.

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, 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 the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

2. In compliance with the July 14th Order, Genera hereby submits its response to the Questions Regarding the Provisional Rate Evaluation as **Exhibit A** of this motion.

3. Further, in compliance with the Energy Bureau's Resolution and Order issued on May 9th, 2025, regarding *Determination on Request for Accessibility to Processes to Ensure Citizen Participation*, Genera hereby submits a summary in Spanish of this motion and its Exhibit as **Exhibit B**.

WHEREFORE, Genera respectfully requests that this Energy Bureau **take notice** of the above for all purposes, **ACCEPT** the submittal of Exhibit A and Exhibit B and **FIND** Genera in compliance with the questions to the July 14th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of July 2025.

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/s/ José Javier Díaz Alonso

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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:

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In San Juan, Puerto Rico, this 15th day of July 2025.

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Exhibit A

Genera's Response to Questions Regarding the Provisional Rate Evaluation

Docket Number: NEPR-AP-2023-0003

In Re: PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW

Re: RESPONSES TO QUESTIONS FROM THE HEARING EXAMINER'S ORDER POSING PROVISIONAL RATE REVIEW QUESTIONS; ADDRESSING PREPA'S CHALLENGE TO LUMA'S REQUEST FOR INCREMENTAL FUNDING ISSUED JULY 14, 2025.

GPR- PREB- NEPRAP20230003-20250715-#17

17. Priority Stabilization Plan (PSP)¹ – Exhibit 22.2

For Priority Stabilization Plan activities 3, 4, 5, 6, 8, and 9, please state the projected non-federally funded costs to be incurred during the provisional rate period.

RESPONSE:

At this time, none of the activities identified as items 3, 4, 5, 6, 8, and 9 under the Priority Stabilization Plan (as referenced in Exhibit 22.2) are projected to incur costs that would require funding from non-federal sources during the Provisional Rate period. These activities are currently considered to be funded exclusively through federal disaster recovery or infrastructure-related programs, and Genera has not included any associated costs in its provisional revenue requirement.

Moreover, to the extent that these projects proceed during the Provisional Rate period, any expenditures are expected to be incurred only upon confirmation of federal funding availability, consistent with applicable grant conditions and reimbursement protocols. As such, Genera has not allocated any portion of its Provisional Rate request to support these specific PSP activities, nor does it

¹ Energy Bureau Case No. NEPR MI 2024 0005, Order of 28 Mar 2025;

<https://energia.pr.gov/wpcontent/uploads/sites/7/2025/04/20250328-MI20240005-Resolution-and-Order.pdf>.

anticipate the need to do so unless federal funding determinations materially change.

GPR- PREB- NEPRAP20230003-20250715-#18

18. Constrained vs. optimal budgets – M. Sánchez Brás Testimony, Ex. 22, p. 7 (and Schedule A).

Describe the criteria used to set the constrained budgets (FY 2026 \$550.5 M, FY 2027 \$488.6 M, FY 2028 \$469.9 M) after establishing the higher “optimal” budgets (FY 2026 \$720.5 M, FY 2027 \$689.0 M, FY 2028 \$656.7 M)?

RESPONSE:

The development of the constrained budgets for FY 2026 (\$550.5 million), FY 2027 (\$488.6 million), and FY 2028 (\$469.9 million), as compared to the optimal budgets for those same years, reflects the application of different criteria and operating assumptions. While the optimal budgets are intended to represent the level of investment required to maintain the generation fleet in a reliable, efficient, and sustainable condition—in alignment with industry best practices and the obligations established under the LGA OMA—the constrained budget is designed to reflect a scenario of limited fiscal resources, in which only the most urgent and unavoidable expenditures can be addressed.

In particular, the criteria used to develop the constrained budgets included the following adjustments and cost-containment strategies:

1. **Deferral of High-Cost, Long-Lead Outages:** Planned outages or capital interventions that involve high expenditures and require long-lead procurement—especially those that may be eligible for federal reimbursement (e.g., through FEMA or CDBG-DR)—were removed from the constrained scenario. This includes major overhauls or replacements that would otherwise be necessary to avoid future reliability events but

that may be deferred in the near term if external funding sources are eventually secured.

2. **Limitation of Maintenance Activities to Minimal Scope:** Maintenance work, both preventive and corrective, was scaled back to reflect only the most essential tasks needed to keep units operational. Under the optimal budget, these activities would be conducted to full scope—including OEM-recommended intervals, replacement of critical parts, and system upgrades—whereas under the constrained scenario, such work is reduced to the bare minimum necessary to avoid forced outages. This introduces increased risk of unplanned failures and prolonged downtime.
3. **Postponement of Investments:** Certain reliability and performance-related investments—including replacement of degraded components, system efficiency upgrades, and safety enhancements—were deferred to later fiscal years. This approach assumes that the assets can tolerate extended operating intervals without intervention, despite the potential for accelerated deterioration.
4. **Reliance on Limited Internal Resources:** In constrained budget planning, Genera assumed that certain workstreams could be executed using a reduced internal workforce, rather than outsourcing to specialized third-party contractors. While this strategy reduces short-term cost outlays, it limits execution capacity and may prolong project timelines or reduce quality of outcomes.
5. **Repair Instead of Replace Strategy:** In many instances, constrained budgeting favors short-term repairs and temporary life-extensions over full asset replacements. For example, rather than replacing an aging turbine or control system, Genera would attempt to repair or patch the equipment, delaying the capital investment to future years. While this

approach defers expenditures, it increases operational risk and may lead to higher lifecycle costs.

As a result of applying these criteria, the constrained budgets reflect a scenario in which only a minimal level of maintenance, investment, and operational flexibility is available, jeopardizing the ability to maintain system reliability, comply with contractual performance standards, and respond proactively to equipment degradation.

These budgets should therefore be understood not as financially sustainable operating plans, but as constrained assumptions designed to illustrate what could be managed under a severely limited funding environment. They fall well short of what is required for Genera to fulfill its obligations under the LGA OMA or to operate the legacy generation assets in accordance with Prudent Utility Practices.

GPR- PREB- NEPRAP20230003-20250715-#19A
19. a. Repair and Maintenance projects – Exhibit 22.2, Tab D 2

List each repair-and-maintenance activity scheduled to incur expenses during the provisional rate period.

b. Repair and Maintenance projects – Exhibit 22.2, Tab D 2

For every listed activity, state the associated estimated expense during the provisional rate period.

RESPONSE:

Plant	DESCRIPTION	FY2026	PROVISIONAL BUDGET
CS	Water Treatment Plant Maintenance Services (Sewer and Processed Waters)	\$150,000	\$150,000
CS	Auxiliary Equipment Procurement and Repair Works for Boilers	\$750,000	\$700,000
CS	Inspection, and Repair Refractory, Insulation	\$350,000	\$350,000
CS	Fire Protection System - Improvements, Inspection and Repairs	\$250,000	\$250,000
CS	Water Pretreatment and Treatment (DEMI) Reverse Osmosis & Electrodionization System Maintenance Services	\$150,000	\$150,000
CS	Corrosion Protection for Unit 5	\$750,000	\$500,000

<u>CS</u>	<u>Rehabilitation of CEMS (Air Quality Compliance EPA)</u>	<u>\$200,000</u>	<u>\$200,000</u>
<u>CS</u>	<u>Protective Mesh on the Condenser Inlet Suction to Comply with 316B (Clean Water Act)</u>	<u>\$250,000</u>	<u>\$250,000</u>
<u>CS</u>	<u>Environmental Outage Costa Sur 6</u>	<u>\$2,500,000</u>	<u>\$1,000,000</u>
<u>CS</u>	<u>Procurement of 1 Condenser Vacuum Pumps Skid Unit 5</u>	<u>\$357,000</u>	<u>\$357,000</u>
<u>CS</u>	<u>Procurement of 1 Condenser Vacuum Pumps Skid Unit 6</u>	<u>\$357,000</u>	<u>\$357,000</u>
<u>CS</u>	<u>Procurement of (2) 72" Butterfly Valve W/ Electrical Operators for North and South Sectionalizer Valves CCWP's</u>	<u>\$350,000</u>	<u>\$350,000</u>
<u>CS</u>	<u>Procurement and Installation of 2 Acoustic Gas Temperature Measurement System for Boilers Units 5 and 6</u>	<u>\$155,000</u>	<u>\$155,000</u>
<u>CS</u>	<u>Procurement and Installation of 2 Sets of Opacity Monitor Durag (One per Stack, Two Stacks per Unit) Units 5 and 6</u>	<u>\$125,000</u>	<u>\$125,000</u>
<u>CS</u>	<u>Auxiliary Equipment Procurement and Repair Works for Turbines</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
<u>CS</u>	<u>Maintenance of Metering Station, PRV1, PRV2 and PRV3, Replacement of Isolation Valves, Painting and Integrity Tests</u>	<u>\$500,000</u>	<u>\$500,000</u>

<u>CS</u>	<u>TOTAL</u>	<u>\$13,744,000</u>	<u>\$6,394,000</u>
<u>SJ</u>	<u>LTSA UNITS 5 & 6</u>	<u>\$13,000,000</u>	<u>\$11,500,000</u>
<u>SJ</u>	<u>Units 5 and 6 Gas Conversion Infrastructure Project (Surcharge)</u>	<u>\$ 10,000,000.00</u>	<u>\$ 10,000,000.00</u>
<u>SJ</u>	<u>General Repair STG6 - Not Included in Federal Funds</u>	<u>\$500,000</u>	<u>\$100,000</u>
<u>SJ</u>	<u>Acquisition & Installation BFWP LP U5 & 6 (3 Pumps)</u>	<u>\$600,000</u>	<u>\$600,000</u>
<u>SJ</u>	<u>Procurement and installation Air Compressors for Instrumentation Equipment</u>	<u>\$375,000</u>	<u>\$375,000</u>
<u>SJ</u>	<u>Condensers Coating & Repair U5&6</u>	<u>\$200,000</u>	<u>\$200,000</u>
<u>SJ</u>	<u>Buy Electrical Motors and Associate Electrical Components for All Plant</u>	<u>\$500,000</u>	<u>\$350,000</u>
<u>SJ</u>	<u>General Repair Boiler U7 Not included in Fed Funds</u>	<u>\$750,000</u>	<u>\$200,000</u>
<u>SJ</u>	<u>Water Treatment Plant Multimedia Filter Parts & Maintenance Services</u>	<u>\$50,000</u>	<u>\$50,000</u>
<u>SJ</u>	<u>Boiler Structure Coating Application 5 to 9 (9, 7, 5, 6)</u>	<u>\$1,000,000</u>	<u>\$800,000</u>
<u>SJ</u>	<u>Fire Protection for Unit 5 to 9 Improvements</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
<u>SJ</u>	<u>Reverse Osmosis and Ultrafiltration Water Pretreatment System Parts & Services</u>	<u>\$75,000</u>	<u>\$75,000</u>
<u>SJ</u>	<u>Buy CCWP-5&6</u>	<u>\$60,000</u>	<u>\$60,000</u>

<u>SJ</u>	<u>Auxiliary Equipment Boiler, HRSG, Turbines & Generators</u>	<u>\$1,000,000</u>	<u>\$500,000</u>
<u>SJ</u>	<u>Removal of Old Overhead Crane from Travelling Screens 9-10 (Safety)</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>SJ</u>	<u>Units 5 & 6 Condenser Pit Draining System Rehabilitation</u>	<u>\$150,000</u>	<u>\$150,000</u>
<u>SJ</u>	<u>Reverse Osmosis and Ultrafiltration Water Pretreatment System DCS Foxboro</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>SJ</u>	<u>Units 7 and 9 Battery Chargers Replacement</u>	<u>\$200,000</u>	<u>\$200,000</u>
<u>SJ</u>	<u>Units 5 to 9 Electrical Breakers Rehabilitation</u>	<u>\$150,000</u>	<u>\$150,000</u>
<u>SJ</u>	<u>Units 5 & 6 Compress Air Dryers Rehabilitation</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>SJ</u>	<u>Units 5 & 6 Switch Gear Ventilation Sytem Rehabilitation</u>	<u>\$50,000</u>	<u>\$50,000</u>
<u>SJ</u>	<u>General Repair U9 Not Included in Fed Funds</u>	<u>\$1,000,000</u>	<u>\$200,000</u>
<u>SJ</u>	<u>San Juan Cooling Towers 7 & 9 Pumps Rehabilitation</u>	<u>\$60,000</u>	<u>\$60,000</u>
<u>SJ</u>	<u>TOTAL</u>	<u>\$55,702,769</u>	<u>\$26,920,000</u>
<u>PS</u>	<u>New Multimedia Filter Water Treatment Plant</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>PS</u>	<u>Fire Protection System - Improvements, Inspection and Repairs</u>	<u>\$500,000</u>	<u>\$500,000</u>
<u>PS</u>	<u>Unit #4 Economizer Water Inlet Valve</u>	<u>\$150,000</u>	<u>\$150,000</u>

PS	<u>Travelling Screens Repair</u>	<u>\$150,000</u>	<u>\$150,000</u>
PS	<u>Internal Fixed Screens Replacement</u>	<u>\$100,000</u>	<u>\$100,000</u>
PS	<u>UPS Cyberex/ABB 3 & 4 Upgrade</u>	<u>\$262,500</u>	<u>\$262,500</u>
PS	<u>Demi Raw Water Pumps Replacement</u>	<u>\$52,500</u>	<u>\$52,500</u>
PS	<u>Nautilus 2 WTP Rehabilitation</u>	<u>\$350,000</u>	<u>\$350,000</u>
PS	<u>Switchgear Units 3 & 4</u>	<u>\$341,250</u>	<u>\$341,250</u>
PS	<u>Environmental Outage Unit 3</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
PS	<u>Demi Ionic Cationic Vessels</u>	<u>\$220,000</u>	<u>\$220,000</u>
PS	<u>Unit # 3 Electro Hydraulic System Accumulators Refurbish</u>	<u>\$100,000</u>	<u>\$100,000</u>
PS	<u>Correct Safety Issues on Sargazum Area</u>	<u>\$250,000</u>	<u>\$250,000</u>
PS	<u>Unit 3 and 4 Chimney Balcony Rehabilitation</u>	<u>\$600,000</u>	<u>\$600,000</u>
PS	<u>Unit 3 and 4 Battery Chargers</u>	<u>\$75,000</u>	<u>\$75,000</u>
PS	<u>Hydraulic Servo Oil Conditioning System for Units 3 and 4</u>	<u>\$75,000</u>	<u>\$75,000</u>
PS	<u>TOTAL</u>	<u>\$7,851,250</u>	<u>\$5,326,250</u>
AG	<u>Boiler G-7-8-9 Duct Joints, Unit 1</u>	<u>\$375,000</u>	<u>\$375,000</u>
AG	<u>Installation Of Fan Ducts, Unit 1</u>	<u>\$1,600,000</u>	<u>\$1,600,000</u>
AG	<u>HP & IP Rotors Rehabilitation & Trip block</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>
AG	<u>Low Pressure Spare Turbines Recertification (Rotors) U2</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>
AG	<u>Generator Rotor Rewind</u>	<u>\$2,500,000</u>	<u>\$2,500,000</u>
AG	<u>Purchase of Material for Generator Rotor Rewind</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
AG	<u>Generator Stator Rewind</u>	<u>\$6,000,000</u>	<u>\$6,000,000</u>

AG	<u>Purchase of Material for Generator Stator Rewind & Install</u>	<u>\$5,500,000</u>	<u>\$5,500,000</u>
AG	<u>Covering of Structural Elements and Auxiliary Equipment's</u>	<u>\$200,000</u>	<u>\$200,000</u>
AG	<u>Vacuum Pump Acquisition</u>	<u>\$600,000</u>	<u>\$600,000</u>
AG	<u>Auxiliary Equipment</u>	<u>\$1,500,000</u>	<u>\$1,250,000</u>
AG	<u>Raw Water Pump (RWP)</u>	<u>\$200,000</u>	<u>\$200,000</u>
AG	<u>Hotwell Level Regulator</u>	<u>\$100,000</u>	<u>\$100,000</u>
AG	<u>Diesel Engine & Fire System Pumps</u>	<u>\$1,500,000</u>	<u>\$1,000,000</u>
AG	<u>Transmission Rotor Drive Air Heater</u>	<u>\$192,000</u>	<u>\$192,000</u>
AG	<u>Supply and Install On-Line DEMI Instruments (Sodium, Silica) – Training/Commissioning</u>	<u>\$100,000</u>	<u>\$100,000</u>
AG	<u>Supply and Install Acid Tank for the Thermo Cooling Towers</u>	<u>\$60,000</u>	<u>\$60,000</u>
AG	<u>Process and Safety Valves</u>	<u>\$375,000</u>	<u>\$375,000</u>
AG	<u>Replacement Of Economizer U1 & U2</u>	<u>\$2,900,000</u>	<u>\$2,900,000</u>
AG	<u>Replacement of Second Rotatory Screens & Parts</u>	<u>\$620,000</u>	<u>\$620,000</u>
AG	<u>Turbine Lube oil Cooler Adquisition U1 & U2 and Replacement</u>	<u>\$500,000</u>	<u>\$450,000</u>
AG	<u>Reconstruction Service For The Rotary Screens Header</u>	<u>\$535,000</u>	<u>\$535,000</u>
AG	<u>Replacement of Battery Charger & UPS U2</u>	<u>\$250,000</u>	<u>\$250,000</u>

<u>AG</u>	<u>Reconstruction Service For The Boiler Dry Ash Material Storage Facility</u>	<u>\$759,000</u>	<u>\$759,000</u>
<u>AG</u>	<u>TOTAL</u>	<u>\$42,016,000</u>	<u>\$34,566,000</u>
<u>Ag CC</u>	<u>Aguirre CC STG 1 & 2 MI</u>	<u>\$1,000,000</u>	<u>\$500,000</u>
<u>Ag CC</u>	<u>Major Inspection of Units GT 1-1. Necessary Repairs on the Heat Recovery Steam Generators. Auxiliary Equipment to be Repaired (Fuel, Water Pumps, MCC, Compressors, Among Others).</u>	<u>\$3,750,000</u>	<u>\$2,250,000</u>
<u>Ag CC</u>	<u>Major inspection of units GT 2-4. Necessary Repairs on the Heat Recovery Steam Generators. Auxiliary Equipment to be Repaired (Fuel, Water Pumps, MCC, Compressors, Among Others).</u>	<u>\$2,000,000</u>	<u>\$1,000,000</u>
<u>Ag CC</u>	<u>Combustion Inspection of Units GT 1-1, GT 1-2, GT 1-3, GT 2-2, GT 2-3, GT 2-4. Battery Banks Replacement.</u>	<u>\$750,000</u>	<u>\$750,000</u>
<u>Ag CC</u>	<u>Anticorrosion Coating, Structure Repair and Structural Repairs of Heat Recovery Systems.</u>	<u>\$1,000,000</u>	<u>\$300,000</u>
<u>Ag CC</u>	<u>Auxiliary Equipment</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
<u>Ag CC</u>	<u>Control Systems Improvement in Gas Turbine Units</u>	<u>\$150,000</u>	<u>\$100,000</u>
<u>Ag CC</u>	<u>230 KV Breakers (OCB-0084 & OCB-0082)</u>	<u>\$400,000</u>	<u>\$250,000</u>

Ag CC	<u>Steam Path, Steam Pipes & Auxiliar Repair and Rehabilitation</u>	<u>\$750,000</u>	<u>\$750,000</u>
Ag CC	<u>GT CO2 Fire Systems Repair</u>	<u>\$200,000</u>	<u>\$200,000</u>
Ag CC	<u>UPS of Control Systems Replace for STAG 1 & 2</u>	<u>\$300,000</u>	<u>\$300,000</u>
Ag CC	<u>TOTAL</u>	<u>\$17,900,000</u>	<u>\$7,400,000</u>
M	<u>Repair & Replacement of Combustion Components 2 Units</u>	<u>\$655,000</u>	<u>\$700,000</u>
M	<u>Hot Section Inspection Unidad 3A</u>	<u>\$7,000,000</u>	<u>\$7,000,000</u>
M	<u>Protective Coating Against Corrosion For Units</u>	<u>\$125,000</u>	<u>\$125,000</u>
M	<u>TOTAL</u>	<u>\$15,780,000</u>	<u>\$7,825,000</u>
C	<u>HTS SFC, HMI, BLUE LINE, P13 Controls Contract</u>	<u>\$500,000</u>	<u>\$400,000</u>
C	<u>Auxiliary Equipment Replacements (AC & DC motors, Valves)</u>	<u>\$500,000</u>	<u>\$500,000</u>
	<u>TOTAL</u>	<u>\$44,175,000</u>	<u>\$900,000</u>
PK	<u>Combustion Inspection & Repair Frame 5000</u>	<u>\$200,000</u>	<u>\$200,000</u>
PK	<u>Mobil Pac Annual Audit</u>	<u>\$350,000</u>	<u>\$350,000</u>
PK	<u>Auxiliary Equipments</u>	<u>\$750,000</u>	<u>\$250,000</u>
PK	<u>Culebra Engines Annual Inspection & Maintenance</u>	<u>\$120,000</u>	<u>\$120,000</u>
PK	<u>Vieques Engines Annual Inspection & Maintenance</u>	<u>\$100,000</u>	<u>\$100,000</u>
PK	<u>TOTAL</u>	<u>\$8,520,000</u>	<u>\$1,020,000</u>
BESS	<u>O&M - BESS</u>	<u>\$1,494,000</u>	<u>\$1,000,000</u>

<u>All System</u>	<u>TOTAL</u>	<u>\$20,573,376</u>	<u>\$1,000,000</u>
<u>All System</u>	<u>Coordination Studies</u>	<u>\$2,000,000</u>	<u>\$1,800,000</u>
<u>All System</u>	<u>Inspection/Rehabilitation of All Fuel /Water Handling Assets (i.e. Pipelines, Storage Tanks, Pumps, Demi, etc.)</u>	<u>\$18,000,000</u>	<u>\$7,500,000</u>
<u>All Plants</u>	<u>Upgrade Collect Brush Rigging Assembly all sites SJU, AG, CS, PS</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
<u>All System</u>	<u>Performance Test of the System</u>	<u>\$900,000</u>	<u>\$900,000</u>
<u>All System</u>	<u>Substations Maintenance</u>	<u>\$2,000,000</u>	<u>\$1,000,000</u>
<u>All System</u>	<u>Transformer and Switchgear Electrical Protection</u>	<u>\$2,000,000</u>	<u>\$1,000,000</u>
<u>All System</u>	<u>Previous FY project finalization (not on previous estimate)</u>	<u>-</u>	<u>\$3,917,000</u>
<u>All System</u>	<u>TOTAL</u>	<u>\$51,950,000</u>	<u>\$17,117,000</u>
	<u>TOTAL</u>	<u>\$278,212,395</u>	<u>\$108,468,250</u>

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20. **a. Labor cost treatment in NMEs** – Exhibit 22.2, Tabs A 1 and D 2.

Because both Genera staff and external contractors work on NME and federally funded projects, should the operating expense labor budget be reduced accordingly?

RESPONSE:

No. A reduction to the operating expense labor budget is not warranted, as there is no duplication of labor costs between NME activities and federally funded projects. While both Genera staff and external contractors may be involved in work across these categories, labor costs are carefully allocated based on project scope, funding source, and time tracking protocols to ensure proper cost attribution.

All labor assigned to federally funded projects is accounted for separately and is subject to the applicable cost accounting and reimbursement standards established by the relevant federal grant programs. Consequently, there is no overlap or double-counting of labor expenses, and the full amount budgeted for operating expense labor remains necessary and appropriate to carry out the work planned under the Provisional Rate period.

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20. **b. Labor cost treatment in NMEs** – Exhibit 22.2, Tabs A 1 and D 2. b.

If so, why is this reduction not reflected in Tab A 1, Cell Y33, which currently includes \$70.94 M for salaries and wages?

RESPONSE:

No reduction is reflected in Tab A1, Cell Y33, because there is no duplication of labor costs between NME activities and federally funded projects. Although both Genera personnel and external contractors may perform work across different funding streams, labor charges are properly segregated and allocated in accordance with project-specific scopes and applicable accounting standards.

The \$70.94 million reflected in Cell Y33 represents the total salaries and wages necessary to support Genera's operational responsibilities under the Provisional Rate period. This figure does not include labor costs that are expected to be reimbursed through federal funding, as those are separately tracked and excluded from the operating expense budget. Therefore, no adjustment to the labor line item is necessary or appropriate.

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21. **Decommissioning projects** – Exhibit 22.2, Tab D 2, line items 3–7.

Why are these decommissioning projects not slated for FEMA or CDBG funding when the first two projects in lines 1–2, in the same category, are federally funded?

RESPONSE:

The decommissioning projects identified in Exhibit 22.2, Tab D2, line items 3 through 7 are not currently slated for FEMA or CDBG funding because, unlike the first two projects listed in lines 1 and 2—which have received federal funding approval—these additional projects have not yet been approved by FEMA or any other federal funding agency.

Until such approvals are granted through the applicable federal review and eligibility determination processes, these projects cannot be included within the scope of federally funded initiatives. Accordingly, their associated costs have been provisionally budgeted under non-federal funding assumptions, pending further action or eligibility determinations by the relevant federal entities.

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22. **Warehouse budget** – Ex. 22, p. 9, Part C (Warehouse Budget Analysis).
Explain the basis for the identical optimal and constrained warehouse budgets (FY 2026 \$7.3 M; FY 2027–FY 2028 \$164.1 k each).

RESPONSE:

The identical values reflected in both the optimal and constrained warehouse budgets for FY 2026 through FY 2028 are due to the nature of the underlying activities, which remain unchanged across both scenarios. Specifically, the budget pertains to the handling and disposition of obsolete materials that must be retired from the warehouse inventory, regardless of the funding scenario.

These activities are not deferrable and are not impacted by broader budget constraints, as the materials in question are no longer usable and must be decommissioned or disposed of in accordance with applicable operational and environmental standards. As such, the associated costs remain constant in both the optimal and constrained budget frameworks.

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23. **Federal funding cost share** – Schedule A 1, line 66 shows **\$67.4 M** for GenCo.

Why is this amount required when, on 21 Nov 2022, the government indicated that \$500 M of CDBG DR ER1 funds were available for the same cost share purpose (see NEPR MI 2021 0004 filing of 21 Nov 2022²)?

RESPONSE:

The \$67.4 million identified in Schedule A1, line 66, reflects the federal cost-share obligation applicable to GenCo and remains necessary despite the November 21, 2022 indication by the Government of Puerto Rico that \$500 million in CDBG-DR ER1 funds may be available for cost-share purposes (as referenced in the NEPR-MI-2021-0004 filing).

As of the date of this filing, those CDBG-DR funds have not been formally approved or obligated by the relevant federal agencies for application toward Genera's specific cost-share requirements. Until such time as these funds are officially allocated and authorized for use in this context, Genera must proceed under the assumption that the 10% local match must be covered through other means, including recovery under the Provisional Rate.

This approach ensures the continuity of federally funded projects that are contingent upon satisfying cost-share conditions, and avoids delays or forfeiture of federal support due to funding uncertainty.

² <https://energia.pr.gov/wp-content/uploads/sites/7/2022/12/Supplemental-Information-on-Questions-Posed-During-Technical-Conference-of-October-18-2022-NEPR-MI-2021-0004.pdf>.

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24. **San Juan Units 5 & 6 gas conversion surcharge** – Exhibit 22.2, Tab D 2 (Optimal), line 62 lists “Units 5 & 6 Gas Conversion Infrastructure Project (Surcharge).”

Explain why this expenditure is included in Genera’s NME budget when the underlying contract identifies NFENERGIA LLC as the seller and PREPA—not Genera—as the buyer?

RESPONSE:

The expenditure related to the San Juan Units 5 & 6 gas conversion surcharge, as identified in Exhibit 22.2, Tab D2 (Optimal), line 62, is included in Genera’s NME budget because, although the underlying contractual agreement identifies NFENERGIA LLC as the seller and PREPA as the buyer, Genera acts as PREPA’s authorized agent under the Legacy Generation Assets Operation and Maintenance Agreement (“LGA OMA”).

In this capacity, Genera is contractually responsible for managing and administering budgetary planning and payment of obligations associated with the operation and fuel conversion of the generation assets, including those arising from pre-existing agreements to which PREPA is a party. Accordingly, inclusion of this surcharge in Genera’s NME budget reflects its operational role as PREPA’s agent, and ensures the continuity of critical infrastructure obligations related to the natural gas conversion of Units 5 and 6 at San Juan.

Exhibit B
Resúmenes

Moción para presentar respuestas a y en cumplimiento con la Orden del Oficial Examinador planteando preguntas sobre la revisión de la tarifa provisional emitida el 14 de julio de 2025

Genera PR LLC presentó una moción en cumplimiento con la orden emitida por el Oficial Examinador el 14 de julio de 2025, la cual incluía unas preguntas dirigidas a Genera relacionadas a la tarifa provisional. Mediante esta moción Genera somete las respuestas a las ante aludidas preguntas como Exhibit A, titulado “Genera’s Response to Questions Regarding the Provisional Rate Evaluation”.

Exhibit A

Mediante el Exhibit A, Genera sometió sus respuestas a las preguntas formuladas por el Oficial Examinador en su Orden de del 14 de julio de 2025. Las respuestas cubren temas como discrepancias presupuestarias, criterios utilizados para establecer presupuestos restringidos, tratamiento de costos laborales, y la inclusión de ciertos gastos operacionales.

En primer lugar, Genera aclaró que no le fueron asignados fondos no federales para ciertas actividades del Plan de Estabilización Prioritaria durante el período de tarifa provisional, ya que dichas actividades dependen exclusivamente de fondos federales. De igual manera, se explicó que los presupuestos “restringidos” fueron desarrollados aplicando criterios de contención de costos, como la postergación de mantenimientos mayores, reducción de inversiones, y ejecución interna de ciertas tareas, todo ello con implicaciones sobre la confiabilidad y sostenibilidad del sistema.

Asimismo, Genera proveyó un listado detallado de los proyectos de reparación y mantenimiento programados para el período de tarifa provisional, incluyendo su descripción, planta correspondiente, y presupuesto estimado. Entre ellos se destacan tareas en las plantas de Costa Sur, San Juan, Palo Seco, Aguirre y otras unidades del sistema eléctrico. Se desglosan costos totales y los montos que se estiman utilizar dentro del marco provisional, ascendiendo a aproximadamente \$108 millones.

En cuanto al tratamiento de los costos laborales, Genera defendió que no procede una reducción en su presupuesto operacional por este concepto, ya que no existe duplicidad entre los proyectos financiados con fondos federales y las actividades ordinarias. Los costos se segregan y asignan conforme a protocolos de contabilidad establecidos por los programas federales.

También se abordó la inclusión de proyectos de desmantelamiento sin asignación federal, argumentando que, a diferencia de otros previamente aprobados, estos aún no cuentan con autorización formal por parte de FEMA o entidades federales pertinentes. Por ello, se presupuesta su financiamiento provisional con fondos no federales.

Respecto al presupuesto de almacén, Genera explicó que las partidas se mantienen iguales en escenarios óptimos y restringidos ya que responden a actividades no aplazables: la disposición de materiales obsoletos que deben ser retirados conforme a estándares operacionales y ambientales.

Finalmente, Genera justificó la inclusión del recargo por la conversión a gas de las Unidades 5 y 6 de San Juan dentro de su presupuesto de NME. Aunque el contrato identifica a NFENERGIA como vendedor y a PREPA como comprador, Genera actúa como agente de PREPA bajo el LGA OMA, y es responsable de la administración y planificación presupuestaria de dichos activos. También aclaró que el monto de \$67.4 millones asignado para pareo federal es necesario hasta tanto se formalice la asignación de los \$500 millones anunciados por el gobierno en noviembre de 2022, que aún no han sido autorizados por las agencias federales competentes.