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

IN RE: *PLAN PRIORITARIO PARA LA ESTABILIZACIÓN DE LA RED ELÉCTRICA*	**CASE NO**.: NEPR-MI-2024-0005

MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER DATED AUGUST 28, 2025

TO THE HONORABLE ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority (hereinafter, PREPA) through its undersigned legal representation and, very respectfully, informs and requests as follows:

1. On August 28, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order in the instant case. Among other directives, the August 28 Resolution ordered PREPA to provide a quantitative justification if PREPA seeks FEMA funding of approximately $1.3 billion for hydro/dam rehabilitation projects not included in the Priority Stabilization Plan ("PSP"). The required analysis includes expected dependable capacity, LOLE/MLS impacts compared to alternatives, cost-effectiveness metrics, and confirmation of whether the system operator issued a need determination.

2. On September 18, 2025, PREPA filed a *Motion for Partial Compliance and to Request Extension*, informing the Energy Bureau that it lacks specialized consultants required to conduct the analysis required under the August 28, 2025 Resolution. Therefore, PREPA requested a ten (10) day extension to finalize the

analysis of the Resolution and Order. PREPA hereby respectfully submits this motion in compliance with the August 28, 2025 Resolution and Order.

3. Hydroelectric, dam, and dredging projects form part of the FAASt Consolidated Plan based on their formulation readiness, alignment with prior FEMA determinations, critical system interdependencies, and life-safety risk. Importantly, these projects have already been approved by the Energy Bureau under NEPR-MI-2021-0002. In its resolutions, the Energy Bureau concluded that the projects align with the goal of repairing, improving, and sustaining the reliability, capacity, and resiliency of the Puerto Rico electric system.

4. Accordingly, the Energy Bureau has already validated the hydro rehabilitation program as a necessary and prudent measure for Puerto Rico's grid transformation. PREPA, as subrecipient of FEMA Public Assistance funds, has submitted these projects for obligation under Sections 428 and 404. Although FEMA initially declined certain mitigation scopes, PREPA appealed through COR3 in June 2024 and continues to await FEMA's final determination.

5. These projects were identified as facilities with direct, storm-related damages from Hurricane Maria and were included in the FAASt settlement framework. Their scopes and cost allocations were therefore already contemplated within the federal funding structure. Failure to address the damages identified as part of this settlement will render these facilities ineligible for funding under future disasters.

6. Critically, dam repair projects such as Guajataca, Caonillas, and Guayabal were identified as high-priority due to significant structural vulnerabilities that, if

left unaddressed, pose life-safety risks to downstream communities. A failure of any of these dams could result in: (a) catastrophic flooding; (b) widespread infrastructure destruction; (c) Major disruptions to grid reliability; (d) Potential loss of life.

7. Hydroelectric facilities, dams, and related water infrastructure—including major irrigation canals—play a critical role in: (a) supporting renewable generation and system balance; (b) protecting downstream substations and grid infrastructure from flood events; (c) controlling water flows in flood-prone zones and enhancing resilience during extreme weather; (d) supplying water to agriculture and other essential economic sectors; (e) providing operational water supply to generation plants, particularly in Puerto Rico's southern region, where thermal units depend on stable canal flows for cooling and other operational needs. This multi-sectoral reliance on hydro and canal infrastructure further reinforced their prioritization.

8. Hydroelectric projects—including major dams and associated dredging scopes are well advanced in the FEMA DSOW formulation process. These projects had completed or near-complete Detailed Scopes of Work (DSOWs), environmental reviews, architectural and engineering (A&E) design packages, and comprehensive geotechnical, hydrological, and dam safety studies. This level of maturity on the project development will allow for faster obligation and minimized formulation delays once completed. In addition, PREPA had already incurred significant eligible costs associated with these hydro projects, including A&E services, technical feasibility assessments, and regulatory compliance

activities. These expenditures had been previously validated and reimbursed by FEMA and COR3.

9. For these reasons, these hydro-related projects are considered imperative—not only for system resilience but also for the immediate safety and well-being of Puerto Rico's population. Their inclusion in the FAASt Consolidated Plan reflects the urgency and systemwide impact of restoring and safeguarding these essential water and power assets.

10. At present, the hydroelectric system contributes approximately 25 MW of available generation capacity distributed among Garzas, Yauco, Dos Bocas, and Toro Negro units. The system also provides reactive power, operates as a synchronous condenser, and remains the only non-intermittent renewable generation source in Puerto Rico. Unlike solar or wind, hydro generation does not cause fluctuations in voltage or frequency and can reliably anticipate daily production. This stability directly facilitates the integration of additional intermittent renewable resources while contributing to the statutory objective of 100% renewable energy by 2050.

11. PREPA's hydroelectric units can operate in islanded mode, supply reactive power, and serve as synchronous condensers—functions that directly support system stability and renewable integration. These features provide reliability benefits beyond MW contribution and make hydro uniquely positioned to reduce emergency conditions. Hydroelectric power plants also have the capability to operate as black start generators in the event of a total loss of power during a

blackout. In addition, they are able to reach their maximum load within a short period of time, thereby contributing to the stabilization of the electric system.

12. FEMA's cost reasonableness analysis identified approximately $861 million in eligible "Water Assets" (including dams and hydro plants) under PREPA's fixed-cost grant allocation. PREPA's appeals and updated formulation seek approximately $1.3 billion, which reflects additional mitigation and modernization scopes across all facilities.

13. LUMA Energy, LLC, as Transmission and Distribution System Operator, has been informed of PREPA's hydro rehabilitation initiatives. The Energy Bureau requested confirmation of whether LUMA provided a need determination supporting the hydro scope. PREPA respectfully submits that, since the Energy Bureau has already reviewed and approved the hydro rehabilitation projects—expressly determining that they are necessary to repair, improve, and sustain the reliability, capacity, and resiliency of the Puerto Rico electric system—an additional need determination from LUMA is not required. PREPA emphasizes that these projects, already validated by the Energy Bureau, do not displace Priority Stabilization Plan-approved activities but rather complement storage and firm generation initiatives, contributing to both short-term operational needs and long-term system reliability.

14. PREPA respectfully submits this motion in compliance with the Resolution and Order dated August 28, 2025. The hydroelectric rehabilitation projects have already been approved by the Energy Bureau as necessary to repair, improve, and sustain the reliability, capacity, and resiliency of Puerto Rico's electric system.

Their approval confirms the prudence and necessity of advancing these initiatives as part of Puerto Rico's broader energy transformation.

WHEREFORE, PREPA respectfully requests that the Energy Bureau: (a) take **NOTICE** of the present Motion, and (b) **DEEMS** PREPA in compliance with the Resolution and Order dated August 28, 2025.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on September 29th, 2025.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at https://radicacion.energia.pr.gov/login, and courtesy copies were sent via e-mail to LUMA Energy, LLC through its counsels of record at margarita.mercado@us.dlapiper.com, laura.rozas@dlapiper.com, yahaira.delarosa@us.dlapiper.com, and to Genera PR, LLC through its counsels of record at jfr@sbgblaw.com.

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