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

IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW	**CASE NO.:** NEPR-AP-2023-0003 **SUBJECT:** Motion to Inform of Revised Budget Outlook in Light of Federal Funding and Ratepayer Burden Relief Efforts and Request to Limit Discovery Scope

MOTION TO INFORM OF REVISED BUDGET OUTLOOK IN LIGHT OF FEDERAL FUNDING AND RATEPAYER BURDEN RELIEF EFFORTS AND REQUEST TO LIMIT DISCOVERY SCOPE

COMES NOW the undersigned counsels, representatives of **GENERA PR LLC** ("Genera"), as agent of the Puerto Rico Electric Power Authority ("PREPA"),[1] and respectfully states and prays as follows:

I. Introduction and Purpose of the Motion

1. This motion is submitted to inform the Puerto Rico Energy Bureau ("Energy Bureau") and the Hearing Examiner of recent developments that will materially modify Genera's budget outlook for FY26, FY27, FY28 and to request limited procedural adjustments consistent with those developments.

2. In recent weeks, in coordination with the Government of Puerto Rico, and federal agencies, Genera , has secured new external funding sources totaling approximately $258 million including a historic $187 million award from the U.S. Department of Energy (DOE) and $71 million in Community Development Block Grant – Disaster Recovery ("CDBG-DR") funds for FEMA cost-

[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.

share obligations. These resources will directly offset expenditures previously anticipated to be significantly funded through ratepayer collections, thereby substantially reducing Genera's rate-related funding needs for FY26, FY27 and FY28 significantly reducing the portion of generation-related costs that must be recovered through electricity rates. This success exemplifies Genera's efficiency and initiative with respect to federal funds, which Genera continues to seek with over 90% reimbursement rate.

3. This motion serves two essential purposes: (1) to inform Energy Bureau that **Genera's funding requirements under the permanent rate phase** of this proceeding are expected to be **lower than originally projected**, as a result of newly secured external funding sources; and (2) to request **reasonable procedural adjustments**, specifically: (a) a ten-day term to submit **revised budget schedules** reflecting the impact on Genera's proposed budgets from these new funding sources, and (b) a corresponding **limitation of discovery** to those costs that will remain subject to **ratepayer recovery**.

4. Genera submits this motion in alignment with the **public policy of the Government of Puerto Rico's**, as endorsed by the Governor, to **protect consumers and mitigate economic pressure on the Island's economy**, while ensuring the **continued reliability and modernization** of the generation fleet. The following sections summarize the procedural context of this rate review proceeding and describe in detail the **federal funding developments and budget reassessment** that have prompted this motion.

II. Procedural and Contextual Background

5. On June 23, 2023, the Energy Bureau issued a Resolution and Order initiating this adjudicative proceeding to review PREPA's rates. In that Resolution and Order, the Energy Bureau

acknowledged several significant developments in Puerto Rico's electricity system since prior rate review, including the transfer of transmission and distribution ("T&D") operations to LUMA Energy LLC and LUMA Energy ServCo LLC (collectively "LUMA") and the transfer of the operation and maintenance of legacy generation assets to Genera.

6. On February 12, 2025, the Energy Bureau issued a Resolution and Order establishing the scope and procedures for this rate case ("February 12th Order"). The February 12th Order states that "[t]he Application for new rates must propose provisional rates along with permanent rates". *Id.* at page 6. The Energy Bureau made clear in its February 12th Order that "LUMA must file its application for both provisional and permanent rates with sufficient lead time to accommodate" certain matters.

7. On April 25, 2025, the Hearing Examiner issued an Order on Rate Case Procedures ("April 25th Order"). The Hearing Examiner recognized LUMA will be responsible for filing the formal application including, among others, an application for provisional rates, no later than July 3, 2025. *See* April 25th Order, at page 1.

8. In compliance with the April 25th Order, on July 3, 2025, LUMA filed its *Motion Submitting Rate Review Petition* ("Rate Review Petition").

9. As required by the Hearing Examiner, on April 24, 2025, Genera submitted proposals for both an Optimal Budget and a Constraint Budget, FY26, FY27 and FY28. In support of the Optimal Budget, Genera identified several key cost drivers, including: (i) potential additional labor costs (ii) inclusion of a federal funds cost-share component which could ultimately be subsidized through the CDBG-DR Program; (iii) decommissioning costs incorporated pending FEMA approval for reimbursement; (iv) LGA OMA required funding for the Reserve Account and (v) allocations for Necessary Maintenance and Expenses (NME) together with a Generation

Maintenance Reserve. These NME components are both essential to sustaining the operation of the generation fleet, improving unit availability, and mitigating the risk of forced outages.

10. In outlining its **Constrained Budget** proposal, Genera explained that certain expenditures could be **prudently deferred** without compromising system integrity. Specifically, Genera noted that allocation for **Necessary Maintenance and Expenses (NME)** would be **limited to the most critical maintenance and repair activities** necessary to safeguard operations, minimize the risk of unit failures, and preserve essential system reliability.

11. On July 21, 2025, the Energy Bureau through a *Resolution and Order,* approved a **provisional rate of $345.3 million** for **Genera.**

12. As anticipated, the **budget proposals represent a dynamic and evolving estimate**, which remain subject to revision as new federal funding sources become available and additional operational efficiencies are identified by the proponents.

III. New Developments Affecting Genera's Budget Proposals in the Rate Case

13. Since the filing of **Genera's Optimal and Constraint Budgets** earlier this year, **Genera has maintained active coordination with the Governor of Puerto Rico, the Energy Czar, the Puerto Rico Secretary of Housing, and federal agencies**, including the **Federal Emergency Management Agency (FEMA)** and the **U.S. Department of Energy (DOE)**, to identify **external funding sources for generation projects that would otherwise rely on ratepayer funding.** As a direct result of these collaborative efforts, substantial new funding has been secured to **reduce ratepayer burden and strengthen the generation system**.

14. On **October 10, 2025**, the **Governor of Puerto Rico** announced a **historic DOE award for energy projects**, of which **$187 million** will be allocated to **Genera**. Shortly thereafter

the **Puerto Rico Secretary of Housing** authorized the transfer of **$71 million in CDBG-DR funds** to cover the **State's cost-share for FEMA-funded projects**. Collectively, these actions provide **$258 million in new federal funding** to support initiatives previously contemplated under Genera's FY2026 budgets, thereby ensuring that **critical reliability and modernization work can proceed without increasing costs to consumers.**

15. Building upon that policy framework, **Genera has reassessed its fiscal needs in this proceeding** to ensure that **newly available federal resources are fully utilized and integrated into its budget planning**. This approach enables Genera to **maintain reliable generation service and complete essential maintenance activities** while **reducing reliance on ratepayer revenues**, thereby aligning operational requirements with the broader **public policy objective of providing economic relief for Puerto Rico** and supporting long-term energy affordability.

IV. Reassessment of Budget Needs

16. **Genera is currently identifying specific projects within its *Optimal* and *Constraint* budgets** that qualify for coverage under the **DOE and CDBG-DR funding allocations**. Preliminary assessments indicate that **approximately $187 million in projects** may be **transferred to these external funding sources**, thereby eliminating the need for their inclusion in **rate-recovery mechanisms**. In addition, the $**71 million requested for cost-share funding** previously requested and already received from CDBG-DR funds can be **removed from Genera's rate-recovery request**, further reducing the overall rate impact on consumers.

17. **Genera's objective is to ensure that its budget for FY2026 remains conservative, prudent, and fully consistent with the funding level already reflected in the**

provisional rate order, while simultaneously **leveraging federal resources to support additional maintenance and reliability projects**.

18. This reassessment reflects Genera's ongoing commitment to mitigate rate impacts on Puerto Rican consumers, without compromising safety, environmental compliance, or generation availability.

V. Procedural Path Forward and Requested Relief

19. **In light of these developments**, **Genera** will prepare and submit **revised budget schedules** that fully reflect the integration of the recently announced **DOE and CDBG-DR funding awards.** Genera respectfully requests that the Energy Bureau grant a brief period of **ten (10) days** to complete and file those revisions, ensuring that the Bureau's record reflects **the most accurate and current information available regarding Genera's funding outlook.**

20. **Genera further submits** that the **scope of discovery** in this phase of the proceeding should be **temporarily limited pending the filing of the revised schedules** and thereafter adjusted **to correspond with the expenditures that will be sought to be recovered from rate payers.** Given that a **substantial portion of Genera's upcoming generation projects will now be funded with federal funds**, continued discovery into items no longer proposed for rate recovery would impose **unnecessary administrative and procedural burdens on both the Bureau and Genera**, thereby **increasing consultant and administrative costs ultimately borne by ratepayers.**

21. Once the revised schedules are filed, **focusing any discovery exclusively on the remaining rate-recoverable items** will promote **efficiency, conserve resources, and streamline**

the adjudicative process, allowing all parties to concentrate on **ensuring the timely and prudent use of federal funds for Puerto Rico's energy transformation.**

22. This **refinement of the discovery process** would **in no way diminish transparency.** All **federally funded projects** are already subject to **comprehensive auditing, reporting and disclosure requirements under federal law**, and their associated cost reconciliations will remain matters of public record. **Limiting discovery** to expenditures **proposed for rate recovery** will simply ensure that the Energy Bureau's oversight is **properly aligned with the actual scope of Genera's rate request**, while **avoiding duplicative review** of the projects already subject to the **rigorous federal oversight framework** governing these federal funding programs.

23. **Accordingly, Genera respectfully requests** that the **Energy Bureau** (i) take notice of the updated funding information described in this motion, (ii) **grant the brief extension** requested for submission of revised budget schedules, and (iii) l**imit discovery** pending the filing of the revised schedules and thereafter **adjust discovery** to correspond to **matters pertinent to the portion of Genera's budget to be recovered from ratepayers**. This measured approach will preserve transparency, minimize procedural expenses, and advance the shared objective of protecting consumers while maintaining the reliability and modernization of Puerto Rico's generation assets.

WHEREFORE, Genera respectfully requests that the Energy Bureau (i) Take notice of the developments described herein; (ii) **Grant Genera a ten (10)-day** time frame to file revised budget schedules reflecting the DOE and CDBG-DR funding awards; and **limit discovery** pending the filing of the revised schedules and thereafter **adjust discovery** to correspond to matters pertinent to the portion of Genera's budget to be recovered from ratepayers.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of October 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this motion will be notified to the Hearing Examiner, Scott Hempling, shempling@scotthemplinglaw.com; and to the attorneys of the parties of record.

A courtesy copy of the present Motion will also be notified to the following:

Parties and Intervenors:

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