LUMA EXHIBIT 81

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

IN RE:	**CASE NO.:** NEPR-AP-2023-0003
PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW	

Supplemental Surrebutal Testimony of

Andrew Smith

Chief Financial Officer, LUMA Energy ServCo, LLC

November 8, 2025

LUMA EXHIBIT 81

Summary of Supplemental Surrebutal Testimony of
ANDREW SMITH
ON BEHALF OF
LUMA ENERGY LLC AND LUMA ENERGY SERVCO, LLC

Andrew Smith, Chief Financial Officer of LUMA Energy LLC and LUMA Energy ServCo, LLC, presents this Surrebuttal Testimony on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"). The purpose of Mr. Smith's surrebuttal is to respond to an Expert Report filed in Case No. NEPR-AP-2023-0003, *In Re: Puerto Rico Electric Power Authority Rate Review*, by the Energy Bureau consultant, Mr. Guímel Cortés, and addresses federal disaster recovery funding mechanics, operational realities, and proposed remedies.

While LUMA supports maximizing federal funding and acknowledges the potential value of a source of non-federal funds to execute projects for FEMA reimbursement, Smith explains that the Restricted Federally Funded Capital Account (RFFCA) proposed by Mr. Cortés appears preliminary and likely unworkable as presented.

He notes that the proposal fails to consider the large size of the facility that would be needed, the lead time needed to build up such a facility, the rate mechanism for doing so, and the timescale for the funds' use. It also leaves unanswered critical questions of sourcing and administration, which may impose duplicative bureaucratic burdens on a process that already involves considerable bureaucracy, with a consequential slowing of project execution rather than acceleration.

Mr. Smith explains that an RFFCA large enough to be useful would need to approximate $300–$400 million for LUMA alone, with an even larger amount to accommodate the Puerto Rico Electric Power Authority (PREPA) and Genera PR, LLC. With no access to capital markets for securitization, relying on a new rate rider would result in steep near-term increases in customer bills to fund the facility quickly or, if the rider is kept low, an accumulation period so long that the account would be far less effective. Mr. Smith notes that funds could be tied up for a decade or more due to the scale of the FEMA program and slow reimbursement timelines, undermining any claim that the rider would be temporary. The approach exposes customers to the risk of unreimbursed costs if FEMA later disallows funding and creates a mismatch between those who pay into the fund today and the ratepayers who might receive refunds years later. Finally, administration of an RFFCA would require complex, multi-agency coordination and FEMA expertise without a viable candidate for administration. That makes the process resource-intensive and prone to delays.

Mr. Smith next responds to various discrete portions of the Cortés Report. Mr. Smith agrees in part with Mr. Cortés' description of the FAASt program but cautions against characterizing Architecture and Engineering (A&E) expenditures as low risk. He explains that A&E costs can be significant, and if a project is withdrawn from the National Workflow, those costs may not be reimbursed, and previously reimbursed amounts could be subject to return, particularly given recent withdrawals based on PREPA's priority list decisions.

On the timing of construction relative to approvals, Mr. Smith clarifies that LUMA has pursued "work completed" projects only in narrow circumstances – such as streetlighting – where the need for public safety was urgent and scope simplicity and close consultation with FEMA made the risks manageable.

Mr. Smith addresses project eligibility and capital planning by noting that LUMA intends to maximize federal funding and minimize non-federal capital where projects are eligible. He clarifies that the Transmission Line Rebuild of Line 8700 is not an active FEMA project with a FAASt number and that eligibility turns on whether damage is disaster-related. On procurement and project development, Mr. Smith explains that FEMA reimburses contract costs where applicants meet federal procurement requirements, and notes that interconnection studies, system integration analyses, retirements, and decommissioning plan approvals do not require FEMA participation.

Mr. Smith explains that some projects previously approved for non-federal capital in the FY2026 provisional rate are now funded through a Department of Energy (DoE) grant, but the recent DoE award does not reduce LUMA's requested non-federal capital because all of the capital can be deployed on projects to improve reliability.

Regarding labor, Mr. Smith opposes a blanket preference for force account labor, emphasizing both the constraints that FEMA and Puerto Rico regulators have placed on LUMA's ability to self-perform and the ongoing appeals related to seconded employees. He explains that FEMA's framework provides funding mechanisms for both force account and contracted work, without a categorical preference, and that FEMA typically reimburses only overtime for force account labor during emergencies. The proper standard, in LUMA's view, is cost reasonableness, timeliness, and necessity, with flexibility to deploy the most effective labor mix to achieve recovery goals.

I. INTRODUCTION

Q.1 Please state your name, business address, title, and employer.

A. My name is Andrew Smith. My business address is LUMA Energy, PO Box 363508, San Juan, Puerto Rico 00936-3508. I am the Chief Financial Officer for LUMA Energy LLC and LUMA Energy ServCo, LLC.

Q.2 On whose behalf are you testifying before the Commonwealth of Puerto Rico Energy Bureau (the "Energy Bureau" or "PREB")?

A. My testimony is on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (jointly referred to as "LUMA") as part of the Commonwealth of Puerto Rico Energy Bureau's ("Energy Bureau" or "PREB") proceeding NEPR-AP-2023-0003, the Puerto Rico Electric Power Authority ("PREPA") Rate Review.

Q.3 What is the purpose of your surrebuttal testimony?

A. To respond to the report by PREB Consultant Mr. Guímel Cortés ("Cortés Report") dated October 10, 2025, marked as Exhibit PC 65.

Q.4 Are there any exhibits attached to your testimony? If you answer in the affirmative, please identify and enumerate those exhibits.

A. No.

Q.5 Which documents did you consider for your surrebuttal testimony?

A. The documents I reviewed include:

i. My prior testimony submitted in this proceeding and associated exhibits.

ii. The Cortés Report,

iii. The surrebuttal testimony of my colleague Alejandro Figueroa,

iv. The surrebuttal testimony of my colleague Pedro Meléndez, and

v. The expert report of Jack Shearman.

II. SURREBUTTAL TO THE CORTÉS REPORT

Q.6 In his expert report, on page 1, Mr. Cortés begins with the premise that the mechanics of federal disaster recovery funding, on which Puerto Rico's electric system reconstruction heavily depends, creates cash-flow pressures due to the reimbursement-based system that requires upfront payment followed by months of federal validation and reimbursement procedures. His proposal to "bridge this liquidity gap and optimize federal fund usage" is to establish a "Restricted Federally Funded Capital Account (RFFCA)," rearrange current project workflows, and maximize the use of "force account" labor. Does LUMA have a response?

A. Yes.

Q.7 Please state and explain LUMA's response.

A. Mr. Cortes correctly notes PREPA's bankruptcy has created a significant challenges to maximizing federal funding for the reconstruction of Puerto Rico's electrical grid. Although LUMA welcomes discussion of potential solutions for this problem, after careful evaluation, it does not think that Mr. Cortes' proposal of an RFFCA is a viable solution in practice as explained below. And, viewed through the lens of workability, it also appears inconsistent with stated public policy goals.

Federal funding received under the FEMA Public Assistance program is disbursed on a reimbursement basis. Subrecipients (like PREPA/LUMA) are required to first implement the project using their own funds. If the project meets eligibility criteria and complies with program requirements, the eligible expenditures will be reimbursed to the subrecipient. The reimbursement process is slow, heavily bureaucratic, and without

guarantees of reimbursement. The reimbursement model places an additional burden on subrecipients, as they must manage cash flow carefully and may face delays in reimbursement, which can further exacerbate their financial challenges.

As the program operates on a reimbursement basis, non-federal capital may still be necessary to initiate projects. The funds advanced to initiate projects also are at risk because FEMA may disallow a cost or deny a reimbursement. Even if it does not deny reimbursement, the process can take considerable time. While re-alignment of funding sources is possible, the underlying issue of initial funding persists.

Mr. Cortés' proposal of an RFFCA, while proposed for the right reasons, suffers from a number of key problems. First, it appears to considerably underestimate the size of the working capital facility needed. Second, many questions remain about how the funds would be sourced and administered. Third, given the long lag between capital collection, capital spend, and reimbursement, the administration of such a fund would be complex. Fourth, the proposed guardrails would introduce even *more* administrative hurdles to what is already a highly bureaucratic process. Finally, the time horizon of any proposed repayments to ratepayers is likely to be many years in the future, creating a disconnect between ratepayers who initially contributed to the fund and ratepayers in the future who may not have contributed.

Q.8 On page 4, paragraph 2, and page 6, paragraph 2, Mr. Cortés describes features of the FAASt program. Does LUMA agree with his description of the FAASt program?

A. LUMA agrees with this description of the FAASt program in part.

Q.9 Please state and explain LUMA's response.

A. The statements are correct in that all projects must still comply with the Public Assistance

Programs' eligibility requirements. However, the characterization of Architecture & Engineering (A&E) funds as low-risk is potentially misleading. The A&E cost may vary by project, with more complex projects having a higher percentage of A&E overall costs. There are risks associated with this. For example, a project that begins A&E but is withdrawn puts the incurred costs at risk. The converse is also true. It would be imprudent to simultaneously begin multiple A&E for projects for which funding is not realistically available. When projects are withdrawn from the FEMA national workflow, the implications can be significant and multifaceted. First and foremost, withdrawal halts the funding process, which means that any A&E costs incurred up to that point may not be reimbursed. When a project is withdrawn from the National Workflow, FEMA removes it from consideration. Although a withdrawn project can be resubmitted in the future, withdrawing it means that it will no longer undergo further review until it is resubmitted. Additionally, it will not be eligible for funding obligations or allocations until it is resubmitted.

In the case of LUMA's withdrawn projects, FEMA, in alignment with PREPA (Puerto Rico Electric Power Authority), determined that any project not included in PREPA's priority list would be withdrawn. This decision was made despite LUMA's clear communications suggesting otherwise.

This is particularly concerning for projects that have already invested significant resources in the A&E phase, as they may find themselves unable to recover those costs if the project does not proceed to obligation. Any A&E funds expended on projects that are never obligated will not be reimbursed, and those that were reimbursed, LUMA will have to return the funds to COR3. Moreover, the withdrawal of a project from the workflow

can lead to inefficiencies and delays, not only for the withdrawn project itself, but also for related projects that may depend on the same resources or funding mechanisms. For instance, if multiple projects are being considered in a geographical area, the withdrawal of one could necessitate a reevaluation of priorities and funding allocations for others, potentially stalling their progression.

Q.10 On page 4, Mr. Cortés notes that the FAASt program "has no provision for FEMA's retroactive approval and reimbursement of funds for construction that begins before the process is complete," referring to the sequential workflow of tasks needed before the operator creates a new project and FEMA transfers the funds from the master Island-Wide FAASt project to COR3. Does LUMA have current or planned projects that it began before obtaining necessary approvals, intending to seek such approval retroactively?

A. Yes, LUMA has projects that are known as "work completed" whereby the construction was carried out prior to presenting the project to FEMA. This strategy was discussed with the federal entity, specifically for streetlight work. Given the simplicity of the scope it was determined to be a project with minimal risk while presenting important benefits to the island's recovery. While the preferred method to carry out the projects is to receive FEMA review and obligation prior to commencing construction, the Public Assistance program does provide the flexibility to present completed projects to FEMA for obligation under the grant. These projects are referred to as "Work Completed", whereby the projects where all eligible disaster recovery work has already been finished before FEMA obligates funding. In this case the applicant has already incurred and documented all costs. FEMA's review focuses on verifying eligibility, documentation, and reasonableness of costs. The

funding obligation represents final reimbursement for eligible expenses based on actual costs. Nevertheless, compliance, documentation, and eligibility are the primary risks when carrying work completed, as FEMA is reviewing the project post execution.

Q.11 On page 6, paragraph 1, Mr. Cortés describes the practical implications of the mandatory EHP pre-approval process. Does LUMA have a response?

A. Yes. LUMA generally agrees with the description of the EHP review, and in particular emphasizes that non-compliance could lead to project de-obligation, which would result in funds being expended but not being reimbursed. This is one reason that it would be preferable to get the project obligated and leverage WCAs.

Q.12 On pages 7 and 8 of his report, Mr. Cortés argues that all current projects should be reviewed for whether they can be federally funded and removed from the non-federal capital plan. Mr. Cortés claims that LUMA is "planning to use non-federal, customer-funded capital for projects that appear eligible for federal reimbursement, specifically identifying "Transmission Line Rebuild of Line 8700." According to Mr. Cortés, this places "an avoidable financial burden on customers" and so should be transferred into the FAASt workflow. Does LUMA have a response?

A. Yes.

Q.13 Please state and explain LUMA's response.

A. Currently, Transmission Line Rebuild of Line 8700 is not an active project before FEMA; it has not been withdrawn, and there is no FAAST number associated with it. If the damages associated with the line are a result of the disaster – for the FAAST Hurricane Maria – then eligibility for funding under FEMA Public assistance would be an issue. A transfer of this project to cover eligible funds should not jeopardize funding. LUMA acknowledges that

there could be projects that are not eligible for reimbursement but it does intend to maximize FEMA funds. An example of a situation recently there were NFC approved projects for the FY2026 provisional rate that now will be funded through the DOE grant.

Q.14 On page 8, Section B., Mr. Cortés states that the Working Capital Advance program, which provides partial upfront funding, creates operational challenges due to being disbursed in "tranches" that must be exhausted and documented before the next tranche of funding can be released. He also notes that the reconciliation process "can take around 75 days" and result in a "stop-and-go" funding cycle that can stall projects. Does LUMA have a response?

A. Yes.

Q.15 Please state and explain LUMA's response.

A. LUMA agrees with Mr. Cortes that the WCA program has some administrative burdens.

Q.16 On page 11, paragraph 2, Mr. Cortés summarizes his understanding of Genera's position and includes the following: "Federal funding restrictions create execution challenges. FEMA procurement follows competitive solicitation requirements under federal programs. Projects require LUMA's interconnection studies, electric system integration analyses, and retirement approvals at multiple sites before proceeding. PREB decommissioning-plan approval is also needed." Does LUMA have a response?

A. Yes.

Q.17 Please state and explain LUMA's response.

A. FEMA provides Public Assistance funding for contract costs based on the terms of the contract if the applicant meets Federal procurement and contracting requirements. FEMA's procurement standards for the Public Assistance Program explain that "State and territorial

government applicants, as well as Tribal Nations, must comply with federal procurement procedures at 2 C.F.R. § 200.317," which include "[f]ollowing the same policies and procedures they would use for procurements with non-federal funds," and "[c]omplying with Environmental Protection Agency (EPA) guidelines in 2 C.F.R. § 200.32[3], Procurement of recovered materials." FEMA, "Public Assistance Program and Policy Guide" (August 2025), at 92 (available at https://www.fema.gov/sites/default/files/documents/fema_pa_pappg-5.0-amended.pdf).

As for the interconnection studies, electric system integration analyses, retirement approvals at multiple sites, and PREB decommissioning-plan, these processes do not require FEMA participation or approval.

Q.18 On page 11, at Section III., Mr. Cortés argues that "Without a mechanism to bridge the liquidity gaps in the federal reimbursement process, the electric system's operators face untenable choices with severe operational consequences." Does LUMA agree?

A. Yes.

Q.19 On page 12, Mr. Cortés claims that eligible projects have not received FEMA funding, noting "three distinct scenarios: (a) projects where FEMA ultimately declines funding, (b) projects where funding is uncertain during the lengthy pre-obligation phase, and (c) projects where FEMA has obligated funding but the cash has not yet arrived." Does LUMA have a response?

A. Yes.

Q.20 Please state and explain LUMA's response.

A. Additional context should be considered in connection with the three scenarios raised. Regarding the Public Assistance program, funding can be declined based on various factors, primarily centered around eligibility, documentation, compliance, cost reasonableness, and the overall public benefit of the proposed projects. Also, funds can be obligated but cash will not be provided unless an advance is requested. Subrecipients must use their own funds to carry out the projects. Throughout the projects, execution of reimbursements may be requested and processed for eligible and compliant work, assuming all pertinent documentation is presented.

Q.21 On page 12, Mr. Cortés proposes a four-part strategy, with the first step being to "maximize use of federal funds," highlighting new funding from the U.S. Department of Energy as of October 1, 2025, claiming that any DOE funding received should offset current NFC requests and must be credited back to customers. What is LUMA's response?

A. LUMA agrees that it is necessary to maximize the use of federal funds, and that it is crucial to utilize non-federal capital responsibly for eligible projects to help ensure the reimbursement of funds and effectively bridge the federal funding gap. The recent DoE grant does not reduce LUMA's request NFC requirement. All of the NFC capital requested and the DoE grant will be used to invest in reliability improvements.

Q.22 At pages 13 to 14, Mr. Cortés recommends implementing a "permanent funding" provision that would "require heightened evidentiary showing before approval" as a means to accelerate projects using Non-Federal Capital (NFC). Does LUMA have a response?

A. Yes.

Q.23 Please state and explain LUMA's response.

A. Although there may be potential benefits to using non-federal capital to expedite critical FAASt projects, it is essential that the process does not introduce additional bureaucratic hurdles to a process already fraught with such hurdles that may slow recovery efforts and increase costs. Furthermore, if not properly developed, this approach could impose significant administrative burdens on stakeholders.

Q.24 What is LUMA's response to Mr. Cortés' recommendation on page 14 that "the Energy Bureau ensure that the operators maximize the use of their own permanent workforce—known as 'force account' labor (as opposed to contracted labor)—for recovery projects funded by the FAASt program," and to avoid contracted options when the entity's permanent workforce can be used?

A. As an initial matter, Mr. Cortés' recommendation overlooks the strict constraints FEMA and COR3 have imposed on LUMA's ability to "self-perform" work on the T&D System, as set forth in detailed correspondence between FEMA, COR3/P3A, and LUMA in 2022 and 2023. LUMA also is currently appealing multiple FEMA disallowances based on its use of seconded employees, notwithstanding that the agreed-upon framework expressly recognizing, as COR3 has stated to FEMA, that "in performance of self-performed work, LUMA may use its internal Force Account Labor, *which may include a blend of LUMA seconded employees*."

In any event, the goal should be to ensure that all labor costs, whether from in-house resources or contracts, are reasonable and aligned with the objectives of effective, timely, and efficient disaster recovery. The FEMA Public Assistance program provides

funding mechanisms for both force account labor and contract work, and the program does not express a definitive preference for one over the other. FEMA, "Field Manual Procurement Disaster Assistance Team (PDAT)" (available at https://www.fema.gov/sites/default/files/2020-07/fema_procurement-disaster-assistance-PDAT_field-manual.pdf). The guidelines established by FEMA emphasize compliance with federal procurement and contracting requirements, allowing applicants to receive PA funding for contract costs contingent upon the terms of their contracts.

Further, flexibility should be the watchword here. The goal is to maximize federal recovery. LUMA is already hemmed in by multiple government requirements. Additional restrictions—even in the form of "preferences"—means fewer options to achieve the goal and leads to a distraction where the means overshadow the ends. Rather than imposing a strict preference for one labor source over another, the focus should be on the reasonableness, timeliness, and necessity of the costs incurred, irrespective of whether they stem from Force Account Labor or contracted services.

Further, notwithstanding the constraints FEMA and Puerto Rico regulators have imposed on LUMA's ability to self-perform work on the T&D System, when force account labor is authorized, FEMA only reimburses overtime of force account labor based on actual costs, including fringe benefits, assuming it is compliant with the entity's policies. FEMA will not reimburse work carried out under Force Account Labor for budgeted employees during an emergency. FEMA also reimburses applicant-owned equipment by providing funding based on established hourly rates or documented mileage, should it be more cost-effective. This illustrates a balanced approach, recognizing the potential benefits of both in-house resources and contracted services in disaster response scenarios.

It is critical to note that the requirement that costs be reasonable applies to costs related to all work performed—both force account and contract—under the PA program. FEMA's reimbursement policies hinge on the reasonableness and equitability of costs, irrespective of the labor source, further reinforcing that both force account labor and contracted work are viable options within the PA framework. FEMA's guidelines offered applicants the flexibility to choose the most effective means to mobilize resources, whether through force account labor or contracted services, without an explicit preference for one over the other.

Q.25 On page 14, Mr. Cortés "recommends that the Energy Bureau require PREPA to create a Restricted Federally Funded Capital Account (RFFCA)," and that this account would bridge cash flow gaps between WCA tranches, front the 10% non-federal cost share, and permit rate funding for essential projects that "cannot wait for federal obligation." Does LUMA have a response to this recommendation?

A. Yes.

Q.26 Please state and explain LUMA's response.

A. LUMA respectfully disagrees with Mr. Cortés' recommendation for a number of reasons. Principally, it believes that the proposal—while laudable in its intent—remains in a preliminary stage without sufficient realistic projections of the scale of the benefit or the associated costs, especially what appear to be significant logistical and administrative challenges. As currently conceived, LUMA believes the cost of designing, implementing, and managing the RFFCA is likely to exceed its benefits. Thus, although LUMA agrees in principle that an alternate funding source would be helpful, the scale of the benefit (i.e.,

the number of projects accelerated) likely to result from Mr. Cortés' recommendation may not justify the efforts.

To begin, to be useful the RFFCA would need to be a sizeable facility, likely on the magnitude of $300-$400 million to account for LUMA's projects alone. LUMA has used $1.2 billion of working capital since its inception, averaging roughly $300 million per year on FEMA projects. The total fund would need to be even larger, though, because PREPA and Genera also use FEMA funds. Any RFFCA established is unlikely to be large enough to accommodate all projects, which creates the roadblock of determining how projects are prioritized for accessing the fund both within a given utility and among the utilities.

Further, PREPA has consistently failed to fully fund LUMA's working capital accounts. Without assurances that funds would be directly assignable to LUMA, the RFFCA suffers from, and perhaps even magnifies, existing inter-utility challenges regarding unfunded or underfunded working capital accounts.

It is also unclear how, exactly, the funds would be sourced. If, as Mr. Cortés suggests, "Customers would [pay] for this amount via a new rate rider," there is tension between the ability to quickly raise adequate funds and the timeline for deployment. Funding options are limited because there is no access to capital markets to place the facility in the market and securitize it with a rider. If customers are expected to fully fund the account via a new rate rider, a quick deployment of this account and its funding scheme would require a large immediate increase in the real price paid by customer in terms of kWh. If the goal is to keep the rider cost low per kWh, then the account becomes a less effective option because adequate capital would take several years to accumulate.

Additionally, the timing assumptions in Mr. Cortés' proposal are overly optimistic and expose customers to prolonged financial risk. It is crucial to note that the funding from this account could be tied up for at least 10 years, perhaps longer. Billions of dollars of FEMA investment will in turn require the working capital facility remain fully drawn with funds cycling in and out as reimbursements are paid until all FEMA projects are complete. The assumed federal reimbursement period of 80 days (at page 18 of the Cortés Report) is an overly optimistic estimate based on LUMA's experience of reimbursement delays, especially for complex projects. Keeping the funds committed for extended periods of time undermines any promise of *temporary* rate impacts while creating financial exposure.

The use of the RFFCA itself as a funding source also carries risk. If a project is later deemed ineligible for federal funding, customers may bear unreimbursed costs and make the account unreconciled and unreconcilable. In other words, if FEMA disallows a cost or denies a reimbursement, then there is no source of funds at the end to repay the money to the ratepayer.

Additionally, there is a matching problem. Even if the account remains solvent in the end, any refunds or payments to ratepayers are unlikely to reach the same ratepayers who contributed to the fund through the rate rider in the first instance. From a rate design perspective, this divorces the benefits ratepayers get today for what happens today, instead offering refunds to a potentially different population of ratepayers many years in the future.

The administrative burdens may also overwhelm the utility of the RFFCA. The annual planning, screening, and reconciliation cycle is resource-intensive and may delay rather than accelerate project execution. Public review and discovery periods add further complexity and time. The RFFCA would require multi-agency coordination

(between PREPA, LUMA, Genera, the Energy Bureau, COR3, FEMA, and HUD), which introduces significant bureaucratic friction, multiple opportunities for delay, and significant loss of efficiency. Further, given the past history of poor inter-agency and inter-utility cooperation, it is optimistic in the extreme to think that administration of this fund would not suffer—at least in the near term—from the same challenges.

Also, it is unclear what group Mr. Cortés intends will act as the administrator. For example, if PREB is the expected administrator, it lacks the expertise in navigating the arcane FEMA rules. PREB is a busy agency already. It is not structured to act as FEMA experts that can quickly evaluate the likely required documents and submissions for withdrawing funds from the RFFCA, nor reconciling the return of the funds to the account. PREB would presumably need to hire experts in FEMA reimbursement and accounting matters, hold public hearings, receive evidence, and otherwise abide by the various laws that govern it and its proceedings. Taken together, there are far too many details that would need to be analyzed before LUMA could agree to a proposal like the one from Mr. Cortés.

Finally, other options are available to improve the status quo. The recent guidance change allowing access to ER1 funds after reconciling just 10% of a project should significantly reduce the need for a customer-funded liquidity tool to front the 10% match. (Although I refer to my prior testimony regarding the lack of disbursement of these funds.) This should provide a faster, federally backed alternative to bridge funding gaps, is already embedded in the existing process, and is less complex. As a result, improved coordination with COR3 and HUD to expedite the ER1 funding avenue may yield better results than creating a wholly new financial instrument.

Q.27 On page 17 to 18, Mr. Cortés recommended two "major substeps" that include reprioritizing projects and restricting the fiscal time horizon for reporting and completion. What is LUMA's response?

A. Continued changes in priorities could lead to additional delays and increased costs for ongoing projects within the FEMA pipeline. It is crucial to see current projects through to obligation and completion; otherwise, expenses already incurred may be jeopardized and are at risk of not being reimbursed if they do not meet the obligation process or execution requirements.

The FAASt has already established a preliminary listing of assets and facilities that should be considered, along with a priority list of projects that have been agreed upon by LUMA and PREPA. Reassessing this list and altering priorities could result in further delays and complications in the execution of these essential projects. It is vital to maintain focus on the agreed-upon priorities to ensure timely recovery and effective utilization of resources.

Q.28 Does this complete your testimony?

A. Yes.

ATTESTATION

Affiant, Andrew Smith, being first duly sworn, states the following:

The prepared Surrebuttal Testimony constitutes my Surrebuttal Testimony in the above-styled case before the Puerto Rico Energy Bureau. I would give the answers set forth in the Surrebuttal Testimony if asked the questions that are included in the Surrebuttal Testimony. I further state that the facts and statements provided herein, are my Surrebuttal Testimony and to the best of my knowledge are true and correct.

_____

Andrew Smith

Affidavit No. _____

Acknowledged and subscribed before me by Andrew Smith, in his capacity as Chief Financial Officer of LUMA of legal age, single/married, and resident of San Juan, Puerto Rico, who is personally known to me.

In San Juan, Puerto Rico, this____ day of November 2025.

_____

Notary Public