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:** Hearing Examiner's Order Following Prehearing Conference

Hearing Examiner's Order Following Prehearing Conference

This Order addresses certain matters that arose during, or needed final decisions after, the prehearing conference held November 7, 2025. It covers the following subjects:

Panels
EPRI, and Sargent & Lundy
Exhibits admitted
Witness substitutions
Pro hac vice
Late-filed exhibits
Evidentiary hearings first day

Panels

Panel agendas and rosters: Attached are the current versions (Nov. 10) of the panel agendas and panel rosters. As stated in various conferences, these agendas do not bind me to the precise sequence. They are guides that help us pace ourselves, while allowing counsel to ask questions at the points most relevant to their concerns.

Panel seating: It is not necessary for all panelists on a particular panel to sit at the panel all day. Use the panel agenda to estimate when your expert will be necessary. If, for example, a person is not involved in vegetation management, they are free to be elsewhere for at least the first hour. We will assess this approach at the end of the first day.

Integration of renewables into the transmission and distribution systems: I would like to establish a specific time slot for the Transmission subtopic I.B.4, "Integration of renewables." My suggestion is **Friday, November 14, 9am Atlantic.** The reason is that Ms. Bailey and Mr. Judd will be arriving Thursday evening. Other times Friday or Monday are possible if necessary. Please inform by email (to me and to kbailey@acciongroup.com only), **by Tuesday, November 11 at 5pm**, any concerns with Friday 9am (accompanied by alternative slots). No email means we will use that slot.

No counsel representing a party will appear as a panelist: I may decide to have a special session with counsel only, at which we discuss a variety of legal and policy matters of interest to the Energy Bureau. We will discuss and decide.

Legacy debt: Because five witnesses addressed this topic, I am obligated under principles of administrative law and constitutional law to permit cross-examination of those witnesses on their statements. But because no witness has offered a number to include in the revenue requirement, or even a principle for arriving at a number, I will not allow questioning on amounts. Such questioning would lead to a panelist offering a number weeks after the deadline for submitting positions on that subject—a result inconsistent with procedural fairness and procedural orderliness.

Moreover, I will not allow questions into the role of legacy debt in determining a revenue requirement's practicability, for two reasons. First, with no number in the record, a discussion of practicability would have no factual foundation; we would be talking in circles. Second, I know of no principle by which practicability is affected by legacy debt any more than any of the hundreds of other contributors to a $5 billion cost of service. Just as what breaks the camel's back is not the last straw but rather the sum of all the straws, so what makes electricity unaffordable for some of our fellow citizens is not any one cost but rather the sum of all the costs.

What is worth talking about is the possibility of legacy-debt rider: its pros and cons, its design, and its timing. On this topic, the current record has a variety of views and examples.

Cross-ex of PREB Consultant Courtney Lane: I would like to know if anyone objects to examining Ms. Lane over the Teams web link, at a time convenient to those involved. Her prefiled testimony, concerning Puerto Rico's Electric Vehicle Adoption Plan ("PR-EVAP"), involves $700,000 in a multi-billion dollar proceeding. For counsel wishing to examine her, please email me by **Thursday, November 13, 2025 at 5pm Atlantic** whether you would accept remote examination. You need not explain; just a yes or no.

EPRI, and Sargent & Lundy

Concerning PREB Consultants Exhibit 64, Expert Report of Justo González on the Matter of Generation, my Order of October 29, 2025, stated:

> EPRI and Sargent & Lundy: PREB Consultant Justo González (generation costs) cited studies by the Electric Power Research Institute and Sargent & Lundy. Given the authors' absence from this proceeding, I expect that one or more parties will seek a ruling on whether and how these documents can go into evidence, and whether and how the Energy Bureau can rely on those documents in its decision.

Per my request, counsel for LUMA and Genera submitted a Joint Motion seeking restrictions on the admissibility of these documents. I now impose the following restrictions, which I view as consistent with the Joint Motion:

1. No party or panelist may rely on any portion of these documents for the truth of their contents. Nothing in any of these documents is an independent source of evidence.

2. Mr. González may refer to and discuss the S&L Aguirre report and the EPRI reports, solely to explain the basis of his own opinions. I will advise the Energy Bureau to assign these documents only that evidentiary weight consistent with the immediately preceding sentence and with Evidence Rule 704 (permitting experts to rely on technical material forming the basis of their opinions). I limit this authorization to those sections of the reports specifically cited by Mr. González. Parties may of course question him on his knowledge of the EPRI-cited facts and on his views on the EPR reasoning and conclusions.

3. The two EPRI reports were the subject of these proceedings: Case Nos. NEPR-IN-2024-0002, NEPR-IN-2024-0003, and NEPR-IN-2022-0002. In its final Resolutions and Orders in those proceedings, the Energy Bureau adopted all of EPRI's recommendations in the EPRI Technical Advisory to PREB, June 2024 Outage Events and the EPRI 2024 Summary Report. My decision in the present Order limiting Mr. González's use of the reports does not preclude the Energy Bureau from including in its final Order in this proceeding references to, and conclusions and directives consistent with, evidence assessed in, and conclusions contained in, those Resolutions and Orders. I base this statement on my indirect understanding that in those proceedings, LUMA had a full opportunity to participate in and comment on all features of the EPRI reports.

4. Concerning the Sargent & Lundy report on San Juan, the Joint Movants asserted that any reliance is impermissible because the report cited by Mr. González was a draft. It is my indirect understanding that PREPA has a final San Juan report from Sargent & Lundy, and that this final report does not differ materially from the draft report. By email sent November 8, 2025, I asked PREPA's counsel to attempt to obtain that final report and, if it exists, to submit it via motion. If that submission occurs and if the final does not differ materially from the draft, I will admit it into the record on the same basis as the other Sargent & Lundy report. Otherwise, I will not admit it and will not permit in the record any statements based on it.

Exhibits admitted

As anticipated by my prior orders, by today's Order I am admitting all exhibits that remain not objected to, subject to the condition that if someone objects to an existing exhibit during the proceeding, I will consider the question and, if necessary, reverse the admission that I am ordering today. This approach saves everyone time.

Witness substitutions

On witness substitutions, I grant all motions made as of today's date.

Pro hac vice

Concerning the participation of counsel not members of the Puerto Rico Bar, Puerto Rico Supreme Court Rule 12(f) requires the sponsoring attorney to be present at all proceedings. That same rule grants the forum the discretion to excuse the sponsoring attorney. By this Order, I exercise that discretion by excusing the sponsoring attorney from presence at the evidentiary hearings. Each sponsoring attorney is of course of course welcome to attend. My decision is solely about (a) giving nonlocal counsel permission to participate without the sponsoring counsel's presence, and (b) giving sponsoring counsel permission to be absent. What counsel do with that permission is for them to decide, based on their professional judgment and their understanding of their obligations to their clients and to the Bar.

Late-filed exhibits

During the hearing, there might be situations where I, a party, or a Commissioner wishes to request, or to introduce, a document that is not yet in evidence. I hope that this situation arises only rarely. If it does, here is the procedure—assuming that I deem the document admissible:

- If the document is not immediately available, I will ask the relevant party to commit to a date by which they can supply it.
- The clerk will designate the first one with the exhibit number LF-600. The next one will be LF-601 and so on.
- The party will submit the document formally by motion.
- Assuming that I find the document worthy of admission, I will admit it.
- Accion will add it to the folder containing admitted exhibits, for the appellate record.

Evidentiary hearings first day

We will start promptly at 9am. Remember to err on the side of arriving early, because security checks the first day take time. (It took me about two minutes to get through today. Multiple that 2 minutes by 30+ attendees.) There will be no introductory comments, other than a safety briefing. I will administer the oath to all panelists, then questioning will begin.

I look forward to meeting you tomorrow and to learning much from you.

Be notified and published.

Scott Hempling
Hearing Examiner

CERTIFICATION

I certify that the Hearing Examiner, Scott Hempling, has so established on November 10, 2025. I also certify that on November 10, 2025, I have proceeded with the filing of the Order, and a copy was notified by electronic mail to: mvalle@gmlex.net; alexis.rivera@prepa.pr.gov; jmartinez@gmlex.net; jgonzalez@gmlex.net; nzayas@gmlex.net; Gerard.Gil@ankura.com; Jorge.SanMiguel@ankura.com; Lucas.Porter@ankura.com; mdiconza@omm.com; golivera@omm.com; pfriedman@omm.com; msyassin@omm.com; katiuska.bolanos-lugo@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com; carolyn.clarkin@us.dlapiper.com; andrea.chambers@us.dlapiper.com; regulatory@genera-pr.com; legal@genera-pr.com; mvazquez@vvlawpr.com; gvilanova@vvlawpr.com; dbilloch@vvlawpr.com; ratecase@genera-pr.com; jfr@sbgblaw.com; hrivera@jrsp.pr.gov; gerardo_cosme@solartekpr.net; contratistas@jrsp.pr.gov; victorluisgonzalez@yahoo.com; Cfl@mcvpr.com; nancy@emmanuelli.law; jrinconlopez@guidehouse.com; Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; alexis.ramsey@weil.com; kara.smith@weil.com; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; monica@emmanuelli.law; cristian@emmanuelli.law; luis@emmanuelli.law; jan.albinolopez@us.dlapiper.com; Rachel.Albanese@us.dlapiper.com; varoon.sachdev@whitecase.com; javrua@sesapr.org; Brett.ingerman@us.dlapiper.com; brett.solberg@us.dlapiper.com; agraitfe@agraitlawpr.com; jpouroman@outlook.com; epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com; matt.barr@weil.com; Robert.berezin@weil.com; Gabriel.morgan@weil.com; corey.brady@weil.com; lramos@ramoscruzlegal.com; tlauria@whitecase.com; gkurtz@whitecase.com; ccolumbres@whitecase.com; isaac.glassman@whitecase.com; tmacwright@whitecase.com; jcunningham@whitecase.com; mshepherd@whitecase.com; jgreen@whitecase.com; hburgos@cabprlaw.com; dperez@cabprlaw.com; howard.hawkins@cwt.com; mark.ellenberg@cwt.com; casey.servais@cwt.com; bill.natbony@cwt.com; zack.schrieber@cwt.com; thomas.curtin@cwt.com;

escalera@reichardescalera.com; riverac@reichardescalera.com; susheelkirpalani@quinnemanuel.com; erickay@quinnemanuel.com; dmonserrate@msglawpr.com; fgierbolini@msglawpr.com; rschell@msglawpr.com; eric.brunstad@dechert.com; Stephen.zide@dechert.com; David.herman@dechert.com; Isaac.Stevens@dechert.com; James.Moser@dechert.com; michael.doluisio@dechert.com; Kayla.Yoon@dechert.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; juan@londoneconomics.com; mmcgill@gibsondunn.com; LShelfer@gibsondunn.com; jcasillas@cstlawpr.com; jnieves@cstlawpr.com; pedrojimenez@paulhastings.com; ericstolze@paulhastings.com; arrivera@nuenergypr.com; apc@mcvpr.com; ramonluisnieves@rlnlegal.com.

I sign this in San Juan, Puerto Rico, on November 10, 2025.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

Sonia Seda Gaztambide
Clerk

Panels, panelists and optional attendees[1] as of Nov. 8

Transmission and distribution costs[2]

LUMA: Pedro Meléndez
LUMA: Kevin Burgemeister
LUMA: Jack Shearman
LUMA: Ivonne Gómez
LUMA: Mariana Pérez Cordero
LUMA: Michael Granata
LUMA: Sarah Hanley
LUMA: Crystal Allen
LUMA: Michelle Fraley
LUMA: Ángel Rotger
Bondholders: Anthony Hurley
Bondholders: Patrick Hogan
PREB consultant Kathryn Bailey
PREB consultant Harry Judd
Victor González

Generation costs

Genera: Vladimir Scutt, VP of Operations and Asset Management, Fuels
Genera: Joaquin Quinoy Ortiz, VP of Engineering, Construction and Maintenance[3]
Victor González
Bondholders: Anthony Hurley
Bondholders: Patrick Hogan
PREPA surrebuttal witness on hydro
PREB consultant: Justo González

[1] Optional attendees are listed in the footnotes, which describe them as "additional possible contributors" These people will not be panelists but will be available, at the party's option. I do not require their attendance.

[2] The panel schedule combines the Transmission Cost and Distribution cost panels because the hours breakdown between them is unclear. My intention is to handle those topics separately, except where overlap is unavoidable or efficient.

[3] Additional possible Genera contributors to the Generation panel:

Hector Vazquez Figueroa, Chief Information Officer
Ricardo Pallens Cruz, Vice-President EEHS & Regulatory
Jennifer Witeczek, Vice-President of Services
Kevin Futch, General Counsel
Jesus Cintron Rivera, Senior Project Manager of Federal Funds (nonwitness)

Federal funds

LUMA: Andrew Smith
LUMA: Pedro Meléndez
Genera: Maria Sánchez Brás
Genera: Ricardo Pallens Cruz[4]
PREPA: Brenda Perez
PREPA: Suzette Díaz (nonwitness)
Bondholders: Anthony Hurley
PREB consultant: Guímel Cortés

Budget process and budget flexibility

Genera: Maria Sánchez Brás
Genera: Jennifer Witeczek, Vice-President of Services
LUMA: Ed Balbis
LUMA: Andrew Smith
LUMA: Alejandro Figueroa
PREPA: Juan C. Adrover –Comptroller
PREPA: Lucas Porter - financial advisor

Customer Experience costs

LUMA: Sarah Hanley
Kevin Burgermeister
ICPO: Jaime L. Sanabria Hernández

[4] Additional possible Genera contributor to the Federal Funds panel:

Jesus Cintron Rivera, Senior Project Manager of Federal Funds (nonwitness)

Multi-utility cost areas

LUMA: Crystal Allen (IT, OT)
LUMA: Kevin Burgemeister (Fleet)[5]
LUMA: Andrew Smith
LUMA: Lorenzo González
LUMA: Sarah Hanley
LUMA: Miguel Sosa
LUMA: Michael Granata
LUMA: Michelle Fraley
LUMA: Alejandro Figueroa
LUMA: Pedro Meléndez
LUMA: Sarah Hanley
LUMA: Mariana Pérez Cordero
Genera: Héctor Vazquez Figueroa, Chief Information Officer
Genera: Ivan Báez, Vice-President of Public & Government Affairs
Genera: Jennifer Witeczek, Vice-President of Services
Genera: Kevin Futch, General Counsel
Genera: Recardo Pallens
PREPA: Mary C. Zapata, CEO
PREPA: Juan C. Adrover, Comptroller[6]
PREPA person on 100 new employees

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[5] Additional possible LUMA contributors to the Multi-utility cost areas panel:

Juan Rogers (Procurement)
Ivonne Gómez (HR)
Lorenzo López (Corp. Comms/Advertisement)
Ángel Rotger (Legal, Land and Permits, and Compliance)
Michelle Fraley (Corporate Security and Emergency Preparedness)
Michael Granata (HSE)
Miguel A Sosa Alvarado (Facilities) (nonwitness)
Alejandro Figueroa (Regulatory)
Andrew Smith (Finance)
Latorre/Alvarado

[6] Additional possible PREPA contributor: Felix Hernández

Emergency Response Plan, Emergency Reserve Account

LUMA: Alejandro Figueroa
LUMA: Michelle Fraley
LUMA: Andrew Smith
LUMA: Kevin Burgemeister
Genera: María Sánchez Brás
Genera: Ricardo Pallens, Vice-President EEHS & Regulatory
Genera: Vladimir Scutt, Vice-President of Operations and Asser Management
PREPA: Juan C. Adrover - Comptroller
PREPA: Gerard Gil –financial advisor (nonwitness)
PREPA: TO BE ADDED

Conflicts of interest between profit and cost

Genera: Winnie Irizarry Velazquez, CEO
LUMA: Juan Saca, CEO
PREPA: Mary C. Zapata –Executive Director

Cooperation among PREPA, LUMA, Genera

Genera: Winnie Irizarry Velazquez, CEO
Genera: Ivan Báez, Vice-President of Public & Government Affairs
LUMA: Alejandro Figueroa
LUMA: Juan Saca, CEO
PREPA: PREPA: Mary C. Zapata – Executive Director
Juan C. Adrover - Comptroller

Total revenue requirement; bad debt; reconciliation of permanent and provisional rates

LUMA: Sam Shannon
LUMA: Andrew Smith
LUMA: Alejandro Figueroa
LUMA: Angel Marzan
PREPA: Juan C. Adrover - Comptroller
PREPA: Lucas Porter - financial advisor (nonwitness)
Genera: María Sánchez Brás
Genera: Ricardo Pallens Cruz
ICPO: CPA Jaime Sanabria Hernández
BHs: Susan Tierney
PREB consultants: Ralph Smith, Mark Dady

Recordkeeping for project costing (Uniform System of Accounts, activity-specific budget projections)

Genera: María Sánchez Brás
Genera: Ricardo Pallens Cruz
LUMA: Andrew Smith
PREPA: Juan C. Adrover - PREPA's Comptroller
PREPA: Lucas Porter - PREPA's financial advisor
PREB consultants: Ralph Smith, Mark Dady

Pensions

SREAEE: José Fernández
PREPA: Mary C. Zapata, CEO
PREPA: Juan C. Adrover, Comptroller
PREPA: Brenda Rivera –PREPA ERS Administrator (nonwitness)
PREPA: Lucas Porter - financial advisor (nonwitness)

Practicability of various levels of rate increase

Genera: Ricardo Pallens Cruz
LUMA: Andrew Smith
LUMA: Alejandro Figueroa
ICSE: Dr. Ramón Cao
Bondholders: Dr. Susan Tierney

Rate design: Single panel, covering load forecast, cost of service study, revenue allocation, rate design, and actual bills[7]

Genera: Ricardo Pallens Cruz
LUMA: Sam Shannon
LUMA: Joseline Estrada (load forecast)
LUMA: Branko Terzic
Victor Luis González
SESA: E. Kyle Datta
Walmart: Steve Chriss
SUN: Ahmad Faruqui
ICSE: Dr. Ramón Cao
Bondholders: Dr. Susan Tierney
PREB consultant: Zachary Ming
PREB consultant: Asa Hopkins
PREB consultant: Melissa Whited
PREB consultant: Courtney Lane (only if someone intends to cross her)

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[7] Additional possible contributors:

LUMA: Sarah Hanley (actual bills)
PREPA: Gerard Gil - financial advisor (nonwitness)
PREPA: Lucas Porter –financial advisor (nonwitness)

Panel Agendas (10 November)

Listed in the sequence of the schedule,
not necessarily in the sequence of the PREB's final order

1. **Transmission and Distribution**
2. **Generation**
3. **Budget process**
4. **LUMA's and Genera's potential conflicts of interest**
5. **Inter-utility cooperation**
6. **Customer experience**
7. **Multi-utility cost areas**
8. **Emergency Response Plan, Emergency Reserve Account**
9. **Federal funds**
10. **Revenue requirement and related issues**
11. **Recordkeeping**
12. **Pensions**
13. **Practicability**
14. **Rate design**

I. Transmission and Distribution

A. Vegetation management

1. What do we need to accomplish? What progress are we making?

   a. System Remediation Plan (SRP)

   b. Priority Stabilization Plan (PSP)

   c. Island Wide Vegetation Clearing (FAAST ~$1.2B)

2. Are we maximizing federal funds?

   a. Federal funds used thus far

   b. The need for ratepayer dollars

      (1) NFC O&M to comply with FEMA

      (2) NFC O&M to address funding gap

      (3) Other rationales for ratepayer dollars

      (4) Quantify total need for ratepayer dollars

   c. Effectiveness of efforts to get federal funds

   d. Effectiveness in using FEMA funds

3. Are we spending the funds--federal and ratepayer--efficiently?

   a. Efficient Use of the VM budget

   b. Labor and Contracting Costs

   c. Assistance from Municipalities

4. Are we performing to professional standards, and consistent w PREB requirements??

   a. Improvement plan

   b. Linkage to reliability

c. Integration with asset programs.

d. Cycle lengths by voltage class.

e. Understand any FEMA requirement for one-year followup maintenance after the island-wide vegetation clearing (post-reset).

f. Reactive vs. preventive

g. Performance reporting

5. What are likely funding needs, after the $1.2B FAASt effort?

   a. Will there be any VM *capital* spending after the island wide vegetation clearing (sometimes referred to as reset)? If yes, identify the capital categories and annual dollars expected in FY26-FY28 and post reset year five.

   b. You indicate LUMA expects a greater VM *O&M* budget after the reset. Explain why additional O&M would still be needed after a complete island wide VM cycle and provide the annual dollars and miles assumed. Cites: PCofLUMATRS29 (expectation context).

   c. What VM O&M budget do you expect in the fifth year after the reset (remediated state) and what cycle cadence (3year vs. 4year) does that assume? Also Provide the miles per year and $/mile assumptions. Cites: Planning assumption requested; see TRS26 for cycle definitions.

6. Miscellaneous

B. Transmission facilities

1. Progress on the PSP

2. NFC Projects vs Federally Funded Projects

   a. Transmission Pole Replacement and Tower Replacement

   b. Transmission Line Rebuild

4. Integration of renewables

a. Scope and timing of upgrades

b. Maximizing federal funds

c. Adjust FAASt repairs to enable interconnection of new generation

d. Recover cost through PPCA or through base rates?

C. Substation

1. PSP work

2. Substation reliability

3. NFC Projects vs Federally Funded Projects

4, Substation rebuild

5. Substation security

6. Battery energy storage

7. Contingencies Capabilities of the Costa Sur Switchyard

D. Distribution

1. Distribution reliability

2. NFC Projects vs Federally Funded Projects

a. Distribution pole and conductor repair
b. Distribution automation
c. Distribution streetlighting
d. Distribution line rebuild
e. Distribution lines assessment
f. Meter infrastructure (replacing with AMI; maintaining legacy meters)

4. Distribution: New business connections

E. Energy Control Center

1. Buildup of backup facilities, secondary control center [FAASt]

2. Energy Management System/ADMS/DERM upgrades

   a. Description of each component

      (1) EMS replacement and hardening (primary and backup control centers, high availability architecture, cybersecurity uplift)

      (2) ADMS acquisition and enablement (e.g., network model management, switching management, and advanced applications such as FLISR/VVO where applicable)

      (3) Communications and monitoring standards for renewables and DERs, plus forecasting and situational awareness tools.

      (4) Integration across EMS, ADMS, OMS, DERMS, AMI/MDM, CIS, GIS and other head-end systems to enable feeder-level and municipality-level reliability analytics (better SAIFI/SAIDI).

   b. Timing for implementing each component

   c. Relative roles of FEMA funding and base-rate funding

F. Enabling

1. Health, Safety, Quality, and Environment (HSEQ) and technical Training

2. Project Management Software and Tools

3. Asset Data Integrity

4. Workflow Processes & Tracking

5. Materials management

6. Compliance & Studies

7. Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integration

8. GIS

G. Support services

1. Electric Vehicle Implementation Support
2. Critical Financial Systems

3. Public safety

3. Update to Third Party Use, Audit, Contract and Billing Procedures

4. Land Records Management

5. Waste Management

H. T&D physical security [CONFIDENTIAL]

1. Scope
2. Corporate security O&M
3. Asset monitoring
4. Substation physical security
5. Governance procedures
6. FEMA and SRP programs
7. IT/OT and cyber interfaces with physical security
8. Performance
9. Revisions, corrections, and final amounts
10. Deliverables to the Bureau

I. T&D general operating costs

1. Labor: Salaries, Wages and Benefits, retiree medical
2. Non-Labor
3. Communications Expenses
4. Allocation between federal and nonfederal

J. Executability

1. Staffing Increases
2. Materials and Equipment
3. A&E Permits
4. General Administrative
5. Federal Funding Management
6. LUMA's Executability Assessment

K. Revenue-generating activities

   1. PREPA Networks
   2. Third-Party Attachments

L. Non-federal capital

M. T&D operating cost

N. Permanent CBES (Customer Battery Energy Sharing Program)

O. Retail wheeling

II. Generation

A. Generation Adequacy

1. temporary generation solutions
2. Deployment of 430MW of utility scale BESS
3. Deployment of flexible generation (peakers)
4. Distributed energy resources alternative
5. Hydroelectric facilities
6. Blackstart capabilities: Aguirre and Costa Sur Power Plants

B. Generation Optimization

1. Programs to Transition to the FEMA Critical Parts Replacement Program
2. Programs to transition from the Constrained Budget in FY26 to a potential Optimal Budget by FY28
3. Aguirre combined cycle programs that may be suitable for consolidation

C. Corrective and Preventive Maintenance

1. Programs that should not move forward
2. Programs to move to state revolving funds
3. Programs that could potentially move to the FEMA Critical Parts Replacement Program
4. NME Programs not requested by Genera but recommended for inclusion
5. Aguirre Combined Cycle
6. Cambalache Plant
7. Other NME Projects and Expenses
8. Reliability Analysis

D. Executability

E. Plant retirement and conversion

   1. Gas conversion of San Juan Units 7, 8, 9, and 10

   2. Decommissioning Program

F. Labor Operations & Maintenance

G. Fuel Department budget

H. Utility Scale Fast Frequency Response Energy Storage

I. Need for and use of the LGA OMA's Generation Maintenance Reserve Account

III. Budget process

A. Is Energy Bureau adjudication of budgets necessary?

1. The relationship between (a) the P3A budget process and (b) the Energy Bureau's budget process and ratemaking process

2. The relevance and usefulness of analogizing to "generally accepted best practices of utility regulation in the United States" (Balbis)

B. To what extent should Energy Bureau-approved budgets bind actual spending?

C. Should PREB modify the budget reporting requirement to be three quarterly reports (rather than four) plus an annual report?

D. Efficiencies: Balbis and Sanabria

IV. LUMA's and Genera's potential conflicts of interest

A. Can overbudgeting assist utility financial success?

1. capital expenditures

2. operating expenses

B. What are the owners' interests? In what ways do the owners influence the CEOs' decisions?

1. Executive compensation

2. NFE's financial situation

C. Is there a clear line between costs covered by the OMA-guaranteed fixed fee and costs recovered as passthrough costs?

D. Are there any conflicts relating to the statutory requirement of 100% renewable energy by 2050?

1. transmission planning

2. generation planning

3. fossil fuel plant decommissioning timeline

4. the interconnection process

E. Is the use of affiliates appropriate?

1. LUMA's affiliate's involvement in transmission and distribution infrastructure

2. LUMA's affiliate's training facility

3. Genera and NFE: Is there a bias toward fuel-switching?

4. Genera and NFE: Performance metrics vs. fixed fee

F. Is the use of seconded employees appropriate?

G. FOMB and P3A: What are their roles in, and past contributions to, concerns about conflicts? What is the Energy Bureau's distinct role?

H. Frequent changes in high-level personnel: What are the reasons and the effects--including effects on costs that customers must bear?

V. Inter-utility cooperation

A. Forecasting demand, consumption, customers

B. Planning new facilities

C. Addressing the 2050 deadlines for 100% renewables

D. Attracting and retain business customers

E. Normal daily operations

F. Emergencies

G. Federal funds (i.e., cooperation inter-utility and between the utilities and other Commonwealth and federal entities)

H. Supplying, drawing from, and replenishing the OMA accounts

I. Other legal disputes under the OMA

VI. Customer experience

A. Customer service and customer information

B. Call center operation and staffing

C. Modernize Customer Service Technology

D. Voice of the Customer

E. Billing Accuracy & Back Office (including customer payment processing)

F. Billed revenue collection (including revenue management and protection)

G. Loss Recovery Program

H. Meter reading and billing

I. AMI customer information

VII. Multi-utility cost areas

A. Communications and compliance

1. Advertising and marketing
2. Bill inserts, education, web communication
3. Strategic affairs
4. Compliance with statutory and regulatory requirements

B. Workers and contractors

1. Vendor contract management and oversight
2. Workflow processes
3. Workforce management
4. Quality assurance
5. PREPA's proposal to hire 100 new employees

C. Professional and technical outsourced services

1. Nonlegal services
2. Legal services (including Title III costs)

D. Materials and equipment

1. Safety equipment
2. Tools (repair and management)
3. Vehicles

E. Miscellaneous

1. Process development and governance functions
2. Facilities development and implementation

3. Corporate services

4. Waste management

5. Insurance

6. Utilities and rents

7. O&M audit

F. Information technology

1. IT capex (Inc. LUMA OT Telecom and Genera IT/OT Projects)

2. IT OT asset management

3. IT OT collaboration & analytics

4. IT OT enablement program

5. IT service agreements

6. IT OT cybersecurity program

G. CONFIDENTIAL SESSION – Physical security – CONFIDENTIAL SESSION

H. Building repair

I. Shared Services

J. Cybersecurity

K. Lands & Permit Processes and Management

VIII. Emergency Response Plan, Emergency Reserve Account

A. Are LUMA's, Genera's and PREPA's Optimal Budgets the correct level of dollars? What are the adverse effects of subtracting from the Optimal?

B. Assume, for purposes of discussion, that funding is required for all items below. Which of these items were not covered in the budgets and discussions on T&D, generation, and multiutility cost areas?

1. for LUMA and Genera materials and equipment to enable rapid emergency response (e.g., portable generation for securing or maintaining water supply systems, for example, electric supply for well pumps.)

2. for PREPA to develop and maintain emergency response plans for its operating hydroelectric facilities.

3. for LUMA to comply with PREB orders on targeted vegetation management ahead of hurricane season, including how municipalities are being employed, the associated costs, and how these efforts could result in quantifiable cost-savings refer to Memorandum of Collaboration with municipalities (LUMA's December 16 2023 motion in NEPR-MI-2019-0006),

4. for LUMA to comply with granular Estimated Time of Restoration (ETR) as established in the Annex A-Major Outage Restoration (e.g., global, regional, municipality, local, individual customer),

5. for LUMA to reduce event response times--specifically for software tools that support system restoration during and after emergencies, and for maintaining pre-positioned emergency contracts to enable rapid mobilization of crews, materials, and equipment during storms or other major events,

6. for LUMA to improve emergency response capabilities, including tools, systems, and prearranged contracts for rapid deployment during major events.

7. for PREPA to maintain Mutual Aid Assistance agreements in a ready-to-execute status, ensuring immediate deployment of external support following a major disruption

8. for LUMA to coordinate and mobilize external support from other utilities, contractors, and public agencies for large-scale service restoration

9. for PREPA to review the ERPs of the Independent Power Producers (e.g., EcoElctrica, AES, and renewable generation),

10. for LUMA to maintain and verify the accuracy of critical customer lists and communication protocols during emergencies.

11. for Genera to ensure onsite blackstart capability and maintain operational readiness for plant restarts after outages.

12. for Genera to maintain sufficient tank storage capacity prior to the hurricane season.

13. for LUMA, Genera, and PREPA to conduct ongoing training, drills, and simulations to strengthen emergency preparedness and coordination.

14. for LUMA to ensure that the Life Preserving Equipment ("LPE") Customers list is accurate and that these customers are contacted throughout the emergency

15. for LUMA to ensure adequate call center staffing and customer communication capacity during major outage events.

C. Is there unnecessary duplication among the three utilities?

1. For example, should there be three separate emergency operations centers, rather than one centralized center? See August 16, 2023 Resolution and Order and LUMA's October 23, 2023 motion in NEPR-MI-2019-0006)?

2. Other possible duplication

D. Treatment of OMA accounts and the new Emergency Reserve Account

1. What are the pros and cons of continuing the three-utility Emergency Reserve Account created by the provisional-rate order of July 31, 2025? To avoid duplication between the ERA and the existing LUMA OMA Outage Event Reserve Account (and the Genera counterpart), could the ERA be, as part of its mission, the source funds for the OMA accounts of LUMA and Genera?

2. Assume an ERA that supports the existing OMA accounts: What are the pros and cons of funding the account with an initial amount in base rates (based on a prediction of likely emergency costs), and then providing for adjustors should actual emergency costs exceed the predicted level?

a. What facts should become the basis for the base-rate amount? Past years' emergency amounts, adjusted to reflect predictions?

b. What are the mechanisms for adding to that base-rate amount, where an emergency causes costs that exceed the base-rate amount? Would there be a surcharge imposed via a rider? Or some other mechanism?

c. What costs should be eligible for recovery from the ERA? To reduce confusion, should eligible costs include all costs that qualify under the LUMA and Genera OMA accounts, plus other types of costs?

d. What would be the process by which--

   (1) a utility would seek funds from the original base-rate amount?

   (2) the PREB would replenish the amount in the ERA?

   (3) the PREB would add to the ERA funds above the initial base-rate amount?

   (4) the PREB would grant permission to spend money from the account?

   (5) the utilities' spending from the ERA be audited?

e. On this topic, see Part IX of the Smith-Dady report (PREB Exhibit 62.0), as well as Exhibit 62.05, which is a Florida Commission Order stablishing a storm-cost rider.

3. If the intent of ERA-plus-rider amounts is to fund and replenish the LUMA and Genera OMA accounts, how does PREB ensure that PREPA does in fact fund and replenish those accounts, given that OMA is a contract rather than an Energy Bureau rule? Does PREB have the statutory authority to order PREPA to comply with this feature of the OMA, on the grounds that a PREPA failure to fund and replenish the OMA accounts would create the risk of inadequate service--a subject that is within the Energy Bureau's exclusive domain?

4. Is there any need for a separate major-storms reserve account?

5. Collecting past expenditures through reserve account(s)

IX. Federal funds

A. Potential sources of federal and other funds

1. Federal sources
2. Cost share
3. Other sources

B. Utilization of federal funds and amounts remaining for future work

C. Outside funding vs. ratepayer funding of projects

D. In situations in which the revenue requirement assumes that federal funds for a project will be available, but then the funds are not available, what are the options--and their advantages and disadvantages?

1. Eliminate the project

2. Delay the project

3. Seek emergency rate increase to fund the project

4. Fund the project by deferring or eliminating spending on nonfederal activities

5. Create in advance a customer funded account, subject to replenishment, to address these situations: PREB consultant Guimel Cortes's proposed formula for determining base-rate amounts

E. Seeking federal funds

1. Identifying eligibilities

2. Concerning the funds available to apply for and manage FEMA grants

   a. Are the three individual utilities using those funds efficiently?

   b. Are the three utilities cooperating efficiently?

F. Managing federal funds once received: Improvements to efficiency and to outcomes

G. Review of prior conclusions about eligibility (T&D, generation)

X. Revenue requirement and related issues

A. Revenue requirement: Basic equation for FY26

1. Costs

a. Approved budget items for operating expenses

b. Approved budget items for capital expenditures not funded by FEMA or other federal sources

c. FEMA funded projects   cost of such projects should be covered by federal funds and thus not have to be paid for by Puerto Rico ratepayers

d. Margin, if any

e. Debt service, if any

f. Pensions

g. Uncollectibles (bad debt)

(1) What is the best information available?

(a) 2.97 percent uncollectibles allowance from the 2016 rate case?

(b) LUMA's recent information resembling 2.97%

(c) 1.5 percent uncollectibles allowance used in recent budget approvals?

(2) Relationship to accounts receivable

(3) Is LUMA maintaining accurate information on uncollectibles expense, Account 904 under the Uniform System of Accounts?

(4) Has LUMA performed a diligent analysis of Accounts Receivable, to identify amounts that are expected to not be collectible?

h. Irrigation District

(1) Is PREPA required to seek Puerto Rico government funds?

(2) Has PREPA diligently pursued Puerto Rico government funds for the Irrigation District?

(3) For FY 2026, revenues for the Irrigation District are part of the SUBA-NHH annually adjusted surcharge rate that was approved by the PREB to be effective for July 1, 2025.

(a) Is this treatment consistent with the 2017 rate order?

(b) Is any change for the Irrigation District amount of revenue collection needed? If so, should that be a base rate revenue requirement component? Or will it be an adjustment to the SUBA-NHH surcharge rate?

2. Less revenues

a. Pole attachment revenues

b. PREPA Networks?

c. other miscellaneous revenues

B. FY27

1. Similar to FY 2026 above, i.e., based on a detailed line-by-line item approval of constrained (or optimal) budget items?

2. Or use FY 2026 approved items, plus limited additions or subtractions, plus inflation factor?

D. Process for reconciling permanent revenue requirement for FY26 with the provisional rate established on July 31, 2025

1. The "provisional rate" is the sum of the default FY26 revenue requirement plus the pension rider plus the provisional-rate rider amount.

2. What are specific variance components between provisional rates and (2) permanent rates that the reconciliation must address? Consider:

   a. Budgeted amounts approved for provisional rates versus budgeted amounts approved for permanent rates.

   b. Revenue variances revenues approved for provisional rates versus actual revenues by month.

   c. Revenue variances attributed to differences in kWh sales billed versus forecast.

   d. Revenue variances attributed to differences in the number of customers in each rate class actual versus forecast.

   e. Changes in rate design from provisional rates to permanent rates, such as the mix of per-kWh and fixed charges for provisional rates versus permanent rates. If the Energy Bureau requires rate design changes only prospectively, i.e., starting with July 1, 2026 (i.e., for FY 2027) will that approach simplify ethe FY 2026 reconciliation between provisional and permanent rates revenue requirements?

   f. [Ralph what is this item?) Revenue spread -impact on customer class revenues for permanent rates versus provisional rates.

3. Over how many prospective months should the reconciliation amounts be recovered from customers (or returned to customers)?

E. Legacy debt: Role and design of possible future rider[1]

F. Fuel and Purchased Power Adjustors

1. Updating process

   a. Current update is quarterly, with changes occurring on July 1, October 1, January 1 and April 1.

   b. Should a more "seasonal" adjustment be used, such as semi-annual FCA and PPCA rate changes occurring on December 1 and June 1?

2. Inclusion of uncollectible amount

[1] For the scope of this discussion, see Hearing Examiner's Order of November 10, 2025.

a. Has not having an uncollectible component of the FCA and PPCA revenue requirement contributed to the system's cash flow problems?

b. Should an uncollectibles percentage be incorporated into the FCA and PPCA revenue requirements?

XI. Recordkeeping

A. USoA: For budgeting and rate-setting after FY26, the Energy Bureau expects the three utilities to develop recordkeeping systems that not only follow the FERC Uniform System of Accounts (USoA), but also allow benefit-cost analysis of all proposed expenditures.

1. Would having reliable USOA-based accounting records help for

   a. evaluating issues like the uncollectibles rate?

   b. same for tracking the system's capital expenditures, including and which utility plant additions are being funded by federal funds vs. ratepayer funds?

2. Are the existing accounting systems sufficient to support fully compliant USOA-based accounting for actual revenues and costs?

3. What steps has LUMA taken to comply with USOA-based accounting? What additional steps are necessary? What impediments remain?

B. Projects and activities related to electric service: Budgeted amounts, actual amounts, connection to metrics, outcomes

1. The revenue requirement is based on approved specific budget items. It is therefore necessary to track approved versus actual spending on those budget items. Only that way can the Energy Bureau monitor progress on plant additions, maintenance expense, operating expense, customer accounts expense, and general and administrative expenses.

2. How is the approved and authorized spending of money tied to the achievement of metrics and outcomes?

3. What measurements are in place not only for monitoring spending, but also monitoring outcomes and the achievement (or lack) of targeted outcomes?

C. Activities relating to pursuing federal funds: Budgeted amounts, actual amounts, outcomes

D. Maintenance practices

XII. Pensions

A. Background on entity structure and PREPA liability

1. What is PREPA's current estimate of the unfunded pension plan liability? What is the basis for this estimate?

2. How does that current estimate relate to the proposed recovery amount of $307 million? Is the $307 million somehow derived from the total unfunded pension plan liability?

3. Is PREPA ERS unfunded liability a "pre-petition claim" subject to Title III court compromise? Or is it instead a current operating expense?

B. PREPA's discretion to modify pensions

1. Is any entity adding new beneficiaries to the existing PREPA defined benefits plan?

2. Is any entity adding benefits to the existing PREPA defined benefits plan?

3. If the answer to either of the preceding two questions is yes, is PREPA aware of whether the existence of the Title III process allows or prohibits those actions?

4. Does PREPA have the legal authority to cease adding beneficiaries and cease adding benefits to existing beneficiaries? Specifically:

   a. What is PREPA's legal discretion, under Puerto Rico law and PROMESA, to unilaterally modify the pension benefits of former employees (i.e., current retirees and vested terminated employees)?

   b. What is PREPA's legal discretion, under Puerto Rico law and PROMESA, to unilaterally modify the ongoing benefit accruals of current active employees?

C. Cost composition and financial projections

1. What are the components of the $307 million?

   a. Which portion is attributable to existing commitments to former employees?

b. Which portion is attributable to existing commitments to current employees?

c. Which portion is administrative costs--and what are the components of those administrative costs?

2. In addition to the $307 million, PREPA maintains employees dedicated to retirement administrative functions. For O&M costs relating to administration, PREPA seeks $11.9 million. Is this $11.9 million part of the $307 million?

3. The $307 million represents FY2026 requirements. What are PREPA's projected annual cash requirements for FY2027 and FY2028? What are the bases for those predictions?

4. Concerning mobility transfers (former PREPA employees who have moved to LUMA or Genera): What is the effect on the pension liability? For example:

a. Are these transferred employees still eligible for future benefits but are no longer paying into the system? If so, what is the economic effect on the pension liability?

b. When these transferred employees were PREPA employees, they were paying into a system that funded benefits to current retirees. If these transferred employees are no longer making payments to cover those benefits, three questions:

(1) What is the amount of funding that PREPA is now missing?

(2) What is PREPA doing to fill that gap?

(3) Is that gap the legal responsibility of PREPA? Or is it the legal responsibility of PREPA ERS?

D. Administrative efficiency

1. What information does PREPA have about what actions PREPA ERS is taking in terms of cost-reduction measures, operational reforms, and/or efficiency initiatives?

2. What actions is PREPA taking to ensure that PREPA ERS is carrying all possible cost-reduction measures, operational reforms, and or efficiency initiatives?

E. Alternative funding sources, mitigation, and contingency planning

1. What alternative funding sources beyond electric ratepayers has PREPA evaluated and pursued?

2. Has PREPA ERS considered integrating its pensioners into Puerto Rico's public pension framework? That framework includes these three main systems:

   a. Employees Retirement System (ERS)

   b. Teachers Retirement System (TRS)

   c. Judicial Employees Retirement System (JRS)

3. In setting rates that satisfy the statutory just-and-reasonable standard, what if any discretion does the Energy Bureau have in its treatment of pension costs?

4. If PREB denies or materially reduces the Pension Funding Rider, what immediate, documented contingency plans does PREPA have to prevent disruption of pension payments to current beneficiaries?

XIII. Practicability:
Will the proposed rate increase produce the necessary revenues?

A. What are appropriate assumptions about how price elasticity of demand will affect revenue?

B. What should be the assumptions for customer conservation, programmatic energy efficiency, customer departure, and adoption of distributed generation alternatives to purchases from PREPA?

C. Should the Energy Bureau consider a wallet-share cap on the rates? What are the possible amounts? What are the pros and cons? How does the Energy Bureau reconcile the conflict between a wallet-share cap and the statutory requirement to set rates that will produce the revenues necessary to ensure adequate, safe service?

D. Would a revenue decoupling mechanism affect practicability?

   1. For example: If price elasticity is greater than expected, and the revenue decoupling mechanism raises rates to compensate, what happens?

   2. Should there be an annual rate increase cap on the effects of the revenue decoupling mechanism? Would a cap be consistent with the statutes?

E. What other measures might PREB to address practicability?

   1. Adjustments to final revenues to limit near-term rate increase

   2. Triggers for additional review if actual revenues fall below pre-determined threshold of expected revenues

XIV. Rate design

A. Forecasts

1. Consumption

2. Demand

3. Customer count

4. Billing determinants

B. Cost of service methodology

1. Functionalization

2. Classification

3. Allocation

C. Revenue allocation

D. Rate design for this proceeding

1. low-income policy
2. customer charge
3. demand charge
4. consumption charge

E. Rate design efforts after this proceeding

F. Revenue decoupling

1. Setting the revenue target

a. Should the target be established on a per-class or systemwide basis?

b. Should the target be set on a per-customer basis as well?

c. Should any classes be excluded?

d. What cost components should be included?

2. Adjustment options

a. How frequently should adjustments occur?

b. Should adjustment be one-way or bidirectional?

c. Should there be a cap on annual adjustments?

d. Should the actual sales (and revenues) be weather-normalized before comparing to the target?

e. Should lost sales related to power outages be excluded from the decoupling mechanism?

f. Should the Energy Bureau make the decoupling adjustments via a rider? If there were a cap on an adjustment, what would be the recovery period for amounts that exceed the cap?

3. Adoption Process, Monitoring, and Evaluation

a. Post-order implementation: What is required from LUMA?

b. What should be opportunities for parties to review and comment?

c. Annual filings: What should be required in the filings, and how should the review occur?

d. When should the Energy Bureau review the entire mechanism? Based on what criteria?

G. Tariff book