

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

**NEPR**

**Received:**

**Jan 23, 2026**

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**IN RE: PUERTO RICO ELECTRIC  
POWER AUTHORITY RATE REVIEW**

**Case No.: NEPR-AP-2023-0003**

**Subject:** Motion to Inform Filing of Genera's  
Initial Brief on Revenue Requirement

**MOTION TO INFORM FILING OF GENERA'S INITIAL BRIEF ON REVENUE  
REQUIREMENT**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

**COMES NOW**, Genera PR LLC ("Genera"), as agent of the Puerto Rico Electric Power Authority ("PREPA")<sup>1</sup>, through its undersigned counsel, and respectfully states and requests as follows:

1. This Motion is filed pursuant to the Hearing Examiner's procedural orders governing post-hearing briefing in the above-captioned proceeding.
2. The evidentiary hearings were conducted from November 12, 2025 through December 19, 2025, during which Genera presented testimonial and documentary evidence regarding its proposed revenue requirement and related ratemaking issues.
3. Pursuant to the Hearing Examiner's directives, Genera hereby files its Initial Brief on Revenue Requirement, attached hereto as *Exhibit 1*, and respectfully informs the Bureau of such filing.
4. On February 12, 2025, the Energy Bureau initiated this rate review proceeding and directed

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<sup>1</sup> 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.

LUMA, PREPA, and Genera to submit Optimal and Constrained budgets for Fiscal Years 2026 through 2028 as part of a comprehensive review of revenues, costs, and rate design.

5. In compliance with the Bureau’s directives, on July 3, 2025, LUMA submitted the *Rate Review Petition*, including Genera’s pre-filed testimony, schedules, and supporting workpapers addressing Genera’s revenue requirement.
6. On October 21, 2025, Genera filed a motion to inform of its revised budget reflecting federal funding and related adjustments.
7. On January 9, 2026, LUMA submitted the consolidated final revenue requirement filing for LUMA, PREPA, and Genera, and Genera submitted a companion filing explaining updates to its revenue requirement.
8. *Genera’s Initial Brief on Revenue Requirement* provides the evidentiary and factual basis supporting Genera’s proposed revenue requirement for Fiscal Years 2026 through 2028, consistent with the Energy Bureau’s panel structure and Hearing Examiner directives.
9. Pursuant to the *Hearing Examiner’s Order on Exhibits, Miscellaneous Post-Hearing Matters, and Legal Issues* (“December 22<sup>nd</sup> Order”), Genera hereby certifies that the word count in the Initial Brief on Revenue Requirement Brief is 30,844 words.
10. Genera will submit a separate brief addressing legal and policy issues, on March 6, 2026, pursuant to the Bureau’s briefing schedule.
11. The Brief is being filed electronically through the Bureau’s filing platform in accordance with the Hearing Examiner’s standing directives.

**WHEREFORE**, Genera respectfully requests that the Puerto Rico Energy Bureau: (a) take notice of the foregoing; (b) acknowledge and accept Genera’s Initial Brief on Revenue Requirement as timely filed and incorporate the Brief into the evidentiary record of this

proceeding; and (c) grant such other and further relief as the Hearing Examiner deems just and proper.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 23<sup>rd</sup> day of January 2026.

**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](mailto: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:

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Exhibit 1

**GENERA'S INITIAL BRIEF ON REVENUE REQUIREMENT**

**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: Genera's Initial Brief on  
Revenue Requirement**

**GENERA'S INITIAL BRIEF ON REVENUE REQUIREMENT**

On behalf of  
Genera PR LLC

January 23, 2026

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### Acronyms and Abbreviations

ACRONYM/ABBREVIATION	DEFINITION/CLARIFICATION
<b>BOP</b>	<b>Balance of Plant</b>
<b>BESS</b>	<b>Battery energy storage system</b>
<b>BI</b>	<b>Business Interruption</b>
<b>CAPS</b>	<b>Capital Appropriations for Projects and Systems</b>
<b>CAPEX</b>	<b>Capital Expenditure</b>
<b>COR3</b>	<b>Central Office for Recovery, Reconstruction and Resiliency</b>
<b>CFE</b>	<b>Certified Fraud Examiner</b>
<b>CIA</b>	<b>Certified Internal Auditor</b>
<b>CPA</b>	<b>Certified Public Accountant</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>CC</b>	<b>Combined Cycle</b>
<b>CT</b>	<b>Combustion Turbine</b>
<b>CGL</b>	<b>Commercial General Liability</b>
<b>CDBG-DR</b>	<b>Community Development Block Grant – Disaster Recovery</b>
<b>CSR</b>	<b>Corporate Social Responsibility</b>
<b>DOJ</b>	<b>Department of Justice</b>
<b>DNER</b>	<b>Department of Natural and Environmental Resources</b>
<b>ESM</b>	<b>Energy Management Systems</b>
<b>ECM</b>	<b>Engineering, Construction, and Maintenance</b>
<b>EPS</b>	<b>Environmental Protection Services</b>
<b>EQB</b>	<b>Environmental Quality Board</b>
<b>EFOR</b>	<b>Equivalent Forced Outage Rate</b>
<b>E&amp;O</b>	<b>Errors and Omissions</b>
<b>FMEA</b>	<b>Failure Modes and Effects Analysis</b>
<b>FAR</b>	<b>Federal Acquisition Regulation</b>
<b>FEMA</b>	<b>Federal Emergency Management Agency</b>

<b>FERC</b>	<b>Federal Energy Regulatory Commission</b>
<b>FINRA</b>	<b>Financial Industry Regulatory Authority</b>
<b>FOMB</b>	<b>Fiscal Oversight and Management Board</b>
<b>FY2026</b>	<b>Fiscal Year 2026</b>
<b>FY2027</b>	<b>Fiscal Year 2027</b>
<b>FY2028</b>	<b>Fiscal Year 2028</b>
<b>FO</b>	<b>Force Outage</b>
<b>FDR</b>	<b>Forced Derate</b>
<b>TM2500 / TM Units</b>	<b>GE TM 2500 Gas Turbine Units</b>
<b>Genera</b>	<b>Genera PR, LLC as operator or the LGA</b>
<b>GMR</b>	<b>Generation Maintenance Reserve or Plant Maintenance Service Account</b>
<b>HUD</b>	<b>Housing and Urban Development</b>
<b>HR</b>	<b>Human Resources</b>
<b>IT/OT</b>	<b>Information and Operational Technology</b>
<b>IEEE</b>	<b>Institute of Electrical and Electronics Engineers</b>
<b>IRP</b>	<b>Integrated Resource Plan</b>
<b>ITSM</b>	<b>IT Service Management</b>
<b>KPI or KPI's</b>	<b>Key Performance Indicator</b>
<b>LFE or LFE's</b>	<b>Late Filed Exhibits</b>
<b>LGA</b>	<b>Legacy Generation Assets</b>
<b>LNG</b>	<b>Liquefied Natural Gas</b>
<b>LOLE</b>	<b>Loss of Load Expectation</b>
<b>LUMA</b>	<b>LUMA Energy, LLC and LUMA Energy ServCo, LLC as T&amp;D System Operator</b>
<b>MA</b>	<b>Mission Assignment</b>
<b>NME</b>	<b>Necessary Maintenance Expense</b>
<b>NFE</b>	<b>NFEnergy LLC</b>
<b>NOV</b>	<b>Notice of Violation</b>

<b>O&amp;M Services</b>	<b>Operation and Maintenance Services</b>
<b>OCI</b>	<b>Organizational Conflict of Interest</b>
<b>OEM</b>	<b>Original Equipment Manufacturers'</b>
<b>PPE</b>	<b>Personal Protective Equipment</b>
<b>PM</b>	<b>Project Manager</b>
<b>P3A or P3</b>	<b>Public-Private Partnership Authority</b>
<b>PREPA</b>	<b>Puerto Rico Electric Power Authority</b>
<b>Energy Bureau or PREB</b>	<b>Puerto Rico Energy Bureau</b>
<b>OMB</b>	<b>Puerto Rico Office of Management and Budget</b>
<b>LGA OMA or LG OMA</b>	<b>Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement</b>
<b>ROI or ROI's</b>	<b>Request of Information</b>
<b>RCA</b>	<b>Root Cause Analysis</b>
<b>SACS</b>	<b>Security Access Control System</b>
<b>SME</b>	<b>Subject-Matter-Expert</b>
<b>EPA</b>	<b>U.S. Environmental Protection Agency</b>
<b>USACE</b>	<b>United States Army Corps of Engineers</b>
<b>DOE</b>	<b>United States Department of Energy</b>
<b>VSS</b>	<b>Video Surveillance System</b>

## A. INTRODUCTION: REVENUE REQUIREMENT

Through the commencement of this rate review process, *In Re: Puerto Rico Electric Power Authority Rate Review, NEPR-AP-2023-0003*, the Energy Bureau has manifested its intention to review and approve base rates determined to be prudent and reasonable based on information provided by LUMA, Genera and PREPA for Fiscal Years 2026 to 2028, with the expectation that new permanent rates will be in effect for the start of FY2027. For that purpose, the Energy Bureau directed LUMA, PREPA, and Genera to file both an “Optimal” and a “Constrained” budget. The “Optimal Budget” represents the system funding needs without constraints, and the “Constrained Budget” is an amount less than the optimal budget requiring unavoidable trade-offs to provide a “customer-sensitive transition from the status quo” to an optimal budget in FY2028. See, *Resolution and Order* dated February 12, 2025 (February 12<sup>th</sup>, Order).

As part of the *February 12<sup>th</sup> Order*, the Energy Bureau established that the rate case encompasses the full range of revenues, other income, and costs associated with providing electric service in Puerto Rico, underscoring a comprehensive approach to determining the true cost of service. The Energy Bureau further informed its expectation that the operators will base their proposed budgets on a bottom-up analysis. Additionally, the rate review is intended to establish permanent rates for FY2026 and projected rates for FY2027 and FY2028, while serving concurrently as both a budget proceeding and a rate proceeding. See, *February 12th Order*, pp. 2–3. This dual process of rate setting and budget approval is evident in the filing requirements accompanying the *February 12th Order*, which, among other things, required the submission of Schedules A-1 and A-2 containing, respectively, an Optimal Budget and a Constrained Budget, each organized in accordance with the outline provided in the Appendix. See, *February 12th Order*, Appendix. Consistent with the Energy Bureau’s directives, Schedules B through H address financial, operational, and other relevant matters and required the inclusion of information necessary to calculate new rates based on the proposed budgets. *Id.*

In addition, pursuant to the Energy Bureau’s directives, the rate application had to be supported by pre-filed testimony and accompanying workpapers that contain all analyses, facts, and calculations required to enable the Energy Bureau and intervenors to conduct a comprehensive review. See, *February 12<sup>th</sup> Order*, p. 9. Subsequent determinations issued by the Energy Bureau and the Hearing Examiner in the March 24th and April 21st Orders amended and supplemented those filing requirements.

In compliance with the *February 12th Order*, on July 3, 2025, LUMA submitted LUMA’s and Genera’s lists of witnesses, schedules, and exhibits that the witnesses are supporting, included as Annex II. As applicable to Genera, LUMA’s submittal incorporated the relevant information on Genera’s individual revenue requirements, together with Genera’s pre-filed testimonies and supporting workpapers. See Annex I.B to *Motion Submitting Rate Review Petition*, filed by LUMA on July 3, 2025.

In accordance with the above, Genera implemented a budget development process to comply with the revenue requirement for the FY2026, FY2027, and FY2028 Rate Period. This process was (i) responsive to PREB/Examiner directives, (ii) built through a bottom-up, department-driven methodology, and (iii) structured to address both forecasted maintenance needs and foreseeable “eventualities” (forced outages, Force Majeure-type events, cascading failures, liquidity timing gaps for federally funded projects, and other emergent system conditions) through distinct budget components and contractually mandated reserves.

A total of ten Genera Executives testified on the company's behalf to evidence the reasonableness of the different budgets that encompass the overall Genera revenue requirement. These officers are: (a) Winnie Irizarry – Chief Executive Officer; (b) María Sánchez Brás – Chief Financial Officer, testifying as to the budget process as well as the budgets for Finance, Warehouse, and Procurement; (c) Joaquín Quiñoy-Ortiz – Vice-President of Engineering, Construction and Maintenance, testifying as to construction and maintenance expenses; (d) Vladimir Scutt – Vice-President of Operations and Asset Management and Vice President of the Fuels Department, testifying as to the asset management and operations budget as well as the fuels budget; (e) Héctor Rubén Vázquez Figueroa – IT/OT asset acquisition and maintenance; (f) Ricardo Palléns Cruz – Environmental, health, safety, and regulatory costs; (g) Jennifer Witeczek – Human resources and services (h) Kevin Futch – Legal and insurance costs; (i) Juan Iván Báez Santiago – Corporate Affairs Department and (j) Jesús Cintrón – Federal Funds Senior Project Manager. These officers also supplemented their testimony by responding to ROI's, Late Filed Exhibits (LFE's), and supplemental testimonies, as ordered by the Energy Bureau through the discovery process and a hearing phase that occurred from November 12 to December 19, 2025.

Genera's revenue petition has undergone some changes since the original *Rate Review Petition* filed on July 3, 2025. In particular, Genera submitted a revenue requirement change on October 21, 2025, by filing a *Motion to Inform of Revised Budget Outlook in Light of Federal Funding and Ratepayer Burden Relief Efforts and Request to Limit Discovery Scope*. In that motion, Genera informed the Energy Bureau that substantial federal funding allocations had been secured through the DOE and the CDBG-DR Program administered by the Puerto Rico Department of Housing. Specifically, that motion described approximately \$258 million in external funding, consisting of approximately \$187 million from DOE and approximately \$71 million in CDBG-DR funds for state cost-sharing for FEMA funded projects. In that occasion Genera also eliminated its federal costs share petition as it had the understanding, that PREPA would cover the costs needed for this purpose. **Genera Exhibit 22.03, Accion Discovery Platform.** Testimony elicited from PREPA during the hearing implies that the operators must include the federal cost share in their respective budgets. **See, Hearing Transcript December 18, 2025, page 178.**

Thereafter, on January 9, 2026, LUMA submitted LUMA's, Genera's and PREPA's final consolidated revenue requirement (the “*January 9<sup>th</sup> Motion*”). In furtherance of that filing, Genera submitted a separate motion (“*Genera's January 9<sup>th</sup> Motion*”) for the purpose of explaining the changes incorporated by Genera in its final revenue requirement, which included limited and discrete updates to its prior filing. Specifically, as reflected in LUMA's consolidated filing, Genera's final submission:

- i. Included the \$30 million to fund the LG-OMA Reserve Account;
- ii. Reflected a Constrained budget treatment for the following Departments/Sections: Corporate Affairs, Fuel, IT/OT, Safety, Regulatory, Insurance, Security, Projects, Corporate Office, Fleet, Asset Management, and the Genera Fixed Fee.
- iii. Maintained an Optimal budget treatment for the following Departments/Sections: HR, Environmental, Legal, Procurement, Finance, Emergency Response, and Operations.

- iv. Incorporated a targeted “Other” adjustments reflected in the filing schedules, including: (a) Labor Expense (FY2026 Constrained; FY2027–FY2028 Constrained plus \$20 million annually for union labor expenses), (b) Warehouse (Constrained less a \$7.2 million obsolete materials adjustment in FY2026), and (c) Maintenance Projects (constrained less \$1.5 million BESS O&M in FY2026 and less \$12.7 million with the removal of decommissioning projects previously allocated for Jobos, Yabucoa, Dagupao, Aguirre, and Costa Sur).
- v. Included a \$30 million rotating fund in FY2026 for federal cost share to be used during the rate period), as shown in the revised schedules. (*January 9<sup>th</sup> Motion, Annex 3-Updated Final Revenue Requirement, Genera Submittal, Final Revision Tab*).

In all, Genera has shown consistent and good faith efforts to seek federal funds and has actively sought changes to its budgets by eliminating all possible amounts from the revenue requirement. Likewise, Genera has requested a hybrid scenario where it is seeking a mix of Optimal budgets and Constrained budgets depending on actual department needs. From its original Optimal budget request, Genera is seeking a Final Revenue Requirement as follows:

Fiscal Year	Original Petition July 3, 2025	Final Petition January 9, 2026
FY2026	\$720,546,966	\$487,537,336
FY2027	\$688,970,826	\$507,099,984
FY2028	\$656,718,588	\$511,195,160

Pursuant to the Hearing Examiner’s directives, the evidentiary basis for the revenue requirement proposed by the operators should include facts about cost predictions, adequacy, and trade-offs. The brief shall be organized according to the main topic panels and shall include the lawful basis of the request. Accordingly, Genera hereby submits the evidentiary basis for its revenue requirement to be implemented during the rate period comprising FY2026, FY2027, and FY2028. A separate brief on the legal basis and policy issues supporting this revenue requirement will be submitted as per the Energy Bureau’s schedule on March 6, 2026.

## I. BUDGET PROCESS (Hearing Date November 24, 2025)

*As related to the budget process, the evidentiary record presented consists of facts related to how the budget was prepared by department, the need for the incursion of the costs, the adequacy and trade-off of the budgets prepared, and facts as to cost projections. The record for the budget process states as follows:*

### A. The Record Confirms Genera’s Budgets Were Developed Through a Bottom-Up Process

1. Genera's CFO, María Sánchez Brás, is a CPA, a CIA, a CFE and a licensed attorney and notary public. From 2009-2013, Ms. Sánchez Brás was the Executive Director for the Puerto Rico OMB, as well as the Executive Auxiliary Secretary to the Puerto Rico Government on Federal

Funds, where she was responsible for the \$10 billion budget of the Commonwealth of Puerto Rico, served as the Governor's representative to FEMA for Puerto Rico, and served as advisor to the Governor on the Island's \$20 billion federal funds budget, as well as other public policy issues. **Genera Exhibit 22.01 and 22, Accion Discovery Platform.**

2. As CFO, Ms. Sánchez Brás oversees the Finance, Procurement, Warehousing, Logistics, and Federal Programs departments. Her responsibilities include maintaining internal controls, ensuring compliance with PREB, FEMA, FOMB, and FERC regulations, supervising warehouse operations, and overseeing procurement, logistics, and purchasing to ensure timely and compliant execution. **Genera Exhibit 22, Accion Discovery Platform.**

3. Genera's budgeting methodology is composed of a bottom-up approach whereby Genera's Finance Department requires every department head to relay their particular budget needs. The budget presented by Genera constitutes a true bottoms-up budget developed based on individual department input and programmatic priorities consistent with Genera's obligations under the LGA OMA as well as its duty to maintain appropriate industry standards. The budget is based on individual line items tied to known maintenance needs, operational support, contractual obligations, and federal cost-share requirements, among others. **Genera Exhibit 171, 22.03 Accion Discovery Platform.**

## II. GENERATION COSTS (November 18, 20 and 21, 2025)

*Generation costs reflect a disciplined approach to resource planning, prioritizing investments that directly impact system reliability, operational efficiency, and lifecycle cost reduction. Projects are selected either to prevent recurrence of historical outage/derate events or to mitigate high-risk conditions identified through inspections and assessments. The NME budget in particular focuses on the maintenance efforts of the current fleet, which are covered under its required planned maintenance schedules. The labor expenses include the costs associated with Genera's most important asset, its employees. The evidentiary record presented consists of facts relating to cost projections, the sufficiency of the costs presently incurred or anticipated, and the associated trade-offs. The record is supported as follows:*

### A. Generation Adequacy, Generation Optimization, Preventive and Corrective Maintenance, Plant Retirement and Conversion and Executability

#### 1. Asset Management Budget

4. Genera has a contractual responsibility to adequately manage and operate the legacy generation assets until PREB approves decommissioning. Genera "shall (i) provide management, operation, maintenance, repair, restoration, replacement and other related services for the Legacy Generation Assets, as well as any optimization (including fuel and efficiency) approved by PREB, in each case that are customary and appropriate, or as required by Applicable Law, including the services set forth in this Article 5 (O&M Services) and Annex IX (Scope of Services)". Article 5.1 of the LGA OMA. **PC Exhibit 952, Accion Discovery Platform.**

5. Puerto Rico faces a severe capacity shortfall, with a LOLE of 32.5 days per year—325 times the industry standard. **PC Exhibit 64, page 1, Accion Discovery Platform.**

6. Despite a shrinking population, Puerto Rico's electricity demand continues to place a heavy burden on the existing generation fleet. As such, even as Genera pursues the decommissioning of obsolete units and the integration of cleaner resources, Genera must continue maintaining the legacy assets to support system reliability until new generation sources are secured and operational. **Genera Exhibit 23, page 32, Accion Discovery Platform.**

7. Vladimir Scutt, Genera's Vice-President of Operations has extensive experience in power generation and asset management, delivering measurable improvements in plant performance, reliability, and regulatory compliance. Mr. Scutt is skilled in aligning strategic goals with daily execution, managing cross-functional teams, and instilling a culture of safety, accountability, and operational excellence. **Genera Exhibit 23.01, Accion Discovery Platform.**

8. Mr. Scutt's testified as to the reasonableness and prudence of the budget he supervises to support Genera's efforts to improve generation reliability, reduce unplanned outages, and prepare for the transition to cleaner, more efficient power sources. Mr. Scutt's testimony reflects how Genera's proposed budget represents the necessary costs required to meet with the Energy Bureau's IRP, the applicable regulatory and legal standards, and the LGA OMA. **Genera Exhibit 23, page 2, Accion Discovery Platform.**

9. As Vice-President of Asset Management of Genera, Mr. Scutt is responsible for developing and enforcing preventive and predictive maintenance strategies; implementing standardized procedures for RCA, outage investigations, and condition monitoring; tracking and improving key plant performance or KPI's; leading initiatives to address recurring failures, enforce off-normal response protocols, and verify RCA findings. Mr. Scutt oversees asset management programs across multiple power generation sites and aligns operational goals with corporate objectives such as improving reliability, reducing fuel dependency, and optimizing costs. **Genera Exhibit 23, page 3, Accion Discovery Platform.**

10. Mr. Scutt manages and supervises the Operations budget, which includes (1) Asset Management and (2) Operations. **Genera Exhibit 23, page 4, Accion Discovery Platform.**

11. The Operations budget was developed through evaluation of site-level needs, aligned with industry standards and reliability expectations, while also reflecting Genera's contractual and regulatory compliance. **Genera Exhibit 23, page 31, Accion Discovery Platform.**

12. In the process of developing the Operations budget, Genera has been assessing and quantifying the anticipated effects of proposed projects on system reliability and prioritizing them accordingly. **Genera Exhibit 233, Accion Discovery Platform.**

13. The projects proposed by Genera are not arbitrary projects or upgrades — they directly eliminate the failure types that have historically caused the most downtime. Genera's projection that replacing high-failure components will reduce forced-outage rates is based on unit-level failure history and root-cause analysis, condition assessments, and OEM guidance identifying end-of-life parts. Genera conducted both quantitative and qualitative analyses of FO and derate events to determine the factual basis for its projected reduction in EFOR and overall improvement in reliability. **Genera Exhibit 504, Accion Discovery Platform.**

14. Genera's analysis relied on a comprehensive review of historical outage and derate records from FY2023–FY2025, using the following data sources: (i) Operator Outage Logs – event start and end times, failure modes, and duration; (ii) Daily Generation Reports – unit operating hours, capacity factors, and service hours; (iii) Reliability Tracking Sheets – classification of outage types (forced, planned, maintenance); and (iv) RCA Summaries – identified causes of repeat events (mechanical, electrical, control system, fuel related, etc.). All events were coded and aggregated by failure category, equipment type, and frequency of recurrence. **Genera Exhibit 504, Accion Discovery Platform.**

15. Genera applied the IEEE 762-2006 methodology for reliability performance metrics, specifically focusing on the EFOR. The EFOR was calculated using the standard formula. Each outage event's contribution to the total EFOR was computed, and recurring failure modes were averaged across all units to establish a baseline. **Genera Exhibit 504, Accion Discovery Platform.**

16. The proposed operational expense budget (Assets Management and Operations Budget) supports a clear strategy: reduce forced outages, increase planned maintenance, modernize aging infrastructure, and ensure the transition to a cleaner, more reliable power system. These investments are not only necessary, but they are also delivering measurable results. **Genera Exhibit 23, page 32; Genera Exhibit 276, Accion Discovery Platform.**

17. As part of Final Revenue Requirement, Genera is proposing a *constrained* budget scenario for Asset Management, which has been allocated approximately \$4.8M for FY2026, \$3.2M for FY2027, and \$3.3M for FY2028. **Genera Exhibit 23, page 5; Genera Exhibits 197 and 198, Accion Discovery Platform; Annex 5 Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA's as part of "Motion Submitting Revised Revenue Requirement".**

18. The Asset Management Budget requires a budget that encompasses (1) materials and supplies, (2) transportation, per diem, and mileage, (3) utilities and rents, and (4) professional and technical outsourced services. **Genera Exhibit 23, page 5, Accion Discovery Platform.**

19. Genera's method to develop the Asset Management Budget was developed using a bottom-up budgeting approach. The materials, which include transformers, bushings, and reliability equipment, were obtained through vendor quotations, as well as prior experience estimates. **Genera Exhibits 195 and 202, Accion Discovery Platform.**

20. The expenses included in professional and technical services for Asset Management are distinct in scope and do not overlap or duplicate those in the Projects budget or NME. **Genera Exhibit 196, Accion Discovery Platform.**

## 2. Asset Management Budget: Asset Management Budget: Materials and Supplies

21. The Asset Management Materials and Supplies budget is required for continued execution of NME projects to reduce the EFOR. Among the components needed are materials for the field, which include thermography cameras, vibration analysis equipment, motor analysis equipment, high-voltage test equipment, oil analysis test equipment, flow test equipment, pressure

test equipment, and rugged laptops, as well as vehicles to transport heavy test equipment. Office supplies and computer monitors are also needed, as well as the purchase of reference and training material for RCA, FMEA, and risk-based inspections, OEM manuals and maintenance guides, reliability-centered maintenance, and failure mode reference books. **Genera Exhibit 23, pages 5-6; Genera Exhibits 192, 193, 194, 201 and 202, Accion Discovery Platform.**

22. For materials and supplies, the Asset Management *constrained* budget has been allocated at approximately \$1M for FY2026; \$885,000 for FY2027; and \$825,000 for FY2028. **Genera Exhibit 23, page 7, Accion Discovery Platform.**

23. The decrease in the FY2026 and FY2027 constrained budgets is primarily due to a reduction in transformer testing activities, which in turn lowers the need for bushing replacements. Additionally, the planned purchase of one thermal imaging camera has been postponed, and the quantity of reliability equipment upgrades has been reduced. These adjustments were made while maintaining core reliability and maintenance priorities. **Genera Exhibit 23, page 7, Accion Discovery Platform.**

### **3. Asset Management Budget: Transportation, Per diem, and Mileage**

24. Transportation-related costs in the Asset Management Budget generally are for travel expenses for training, which include airfare, car rentals, fuel expenses, travel and parking fees, hotel accommodations, and meals. The team also attends Factory Acceptance Testing conducted abroad. **Genera Exhibit 23, page 6, Accion Discovery Platform.**

25. In the *constrained* scenario, transportation, per diem, and mileage in the Asset Management budget has been allocated approximately \$35,000 for FY2026, FY2027, and FY2028, respectively. **Genera Exhibit 23, page 8, Accion Discovery Platform.**

### **4. Asset Management Budget: Rent Expenditures**

26. Rent expenditures in the Asset Management budget include costs for office space, warehouses, tool depots, and temporary staging areas used to support emergency repairs, planned outages, and field operations. Additionally, rental costs are incurred for specialized equipment that is not part of the company's permanent inventory but is essential for maintaining asset integrity and compliance. This includes equipment such as oil storage and processing rigs, transformer oil filtration systems, borescopes for internal inspections, and primary and secondary injection test sets used to validate high-voltage breakers and protection schemes. These rentals are utilized on an as-needed basis to support asset management activities such as condition assessments, testing, and maintenance. **Genera Exhibit 23, page 6, Accion Discovery Platform.**

27. In the *constrained* scenario, the utilities and rent Asset Management budget has been allocated at approximately \$10,000 for FY2026, FY2027, and FY2028, respectively, for utilities and rent. **Genera Exhibit 23, page 9, Accion Discovery Platform.**

### **5. Asset Management Budget: Professional and Outsourced Services**

28. Professional and technical outsourced services include third-party services that are engaged on an as-needed basis to support asset management, maintenance, and operational reliability. These include specialized inspection and diagnostic services such as vibration analysis, wireless vibration monitoring, thermography, and oil sampling. Genera also relies on OEM

technical services to support various equipment manufacturers across critical systems, including motors, pumps, generators, turbines, boilers, and BOP systems. Additional outsourced support includes engineering and consulting services, as well as digital and IT services that enhance system performance and asset monitoring. **Genera Exhibit 23, pages 6-7, Accion Discovery Platform.**

29. In the *constrained* budget, the professional and technical outsourced services for Asset Management has been allocated approximately \$3.7M for FY2026; \$2.3M for FY2027, and \$2.5M for FY2028. **Genera Exhibit 23, page 10, Accion Discovery Platform.**

30. The decrease in professional services costs from FY2026 to FY2027 in the constrained scenario is aligned with the deferral of outage-related operations, maintenance activities, and NME during that period. These deferrals reduce the immediate need for external engineering, testing, and vendor support. The subsequent increase in FY2028 reflects the anticipated resumption of these activities, requiring temporary engagement of specialized third-party services to support the execution of postponed work and ensure system reliability. **Genera Exhibit 23, pages 10-11, Accion Discovery Platform.**

31. The proposed Asset Management budget is structured to support the public policy goal of achieving generation costs that are adequate, just, reasonable, and nondiscriminatory. The budget reflects a disciplined approach to resource planning, prioritizing investments that directly impact system reliability, operational efficiency, and lifecycle cost reduction. By strengthening in-house technical capabilities and reducing unnecessary reliance on third-party services, Genera is controlling long-term costs while still ensuring access to specialized expertise when required. Genera is implementing efforts to optimize maintenance cycles, defer non-critical capital expenditures, and reduce utility consumption—such as water and fuel. These strategies help stabilize operating costs and ultimately contribute to more predictable and equitable energy pricing for all customers, without compromising system performance or compliance with safety and reliability standards. **Genera Exhibit 23, page 11, Accion Discovery Platform.**

32. The proposed Asset Management costs are no higher than the level required by prudent utility practice. The budget has been developed based on industry standards, historical performance data, and reliability-centered principles that ensure cost-effectiveness while maintaining system integrity and compliance. All planned expenditures reflect necessary investments to preserve asset health, minimize operational risk, and extend equipment life. Where possible, costs have been reduced through internal capability building, deferred non-critical projects, and targeted use of third-party services. This approach ensures that spending remains aligned with prudent utility practice while supporting the delivery of reliable, safe, and efficient power generation. The budget was developed using asset condition assessments, performance data, and industry standards to ensure alignment with operational needs and fiscal responsibility. **Genera Exhibit 23, pages 11-12, Accion Discovery Platform.**

33. The proposed Asset Management costs—under both the optimal and constrained budget scenarios—are structured to support Genera's ability to meet the relevant performance metrics. The optimal budget allows for full execution of preventive maintenance, reliability initiatives, and asset replacements that align directly with targets such as availability, forced outage rate, and system performance. In the constrained scenario, Genera is deferring some critical maintenance outages based on asset performance and current condition assessments. While this

approach helps manage short-term costs, it does introduce a reliability risk—specifically, the potential of not having funds readily available when unexpected issues arise or performance deteriorates faster than projected. Genera is aware of this risk and remains committed to mitigating it through close monitoring, prioritization of high-risk assets, and the strategic use of limited resources to preserve system reliability and operational continuity, related to the Equivalent Availability Factor metrics. **Genera Exhibit 23, pages 12-13, Accion Discovery Platform.**

34. The proposed Asset Management costs are consistent with the current IRP and its implementation guidelines, as they directly support the reliability, efficiency, and lifecycle performance of the existing generation fleet. The IRP emphasizes the importance of maintaining operational readiness and extending the useful life of critical assets while the system transitions toward cleaner and more sustainable energy resources. The Asset Management budget prioritizes condition-based maintenance, outage readiness, and targeted investments in reliability equipment that align with those objectives. Additionally, the budget supports core functions such as transformer testing, protection scheme validation, and asset monitoring—activities that ensure the system remains stable and compliant during the IRP's transitional phases. By controlling costs through internal capability development and strategic outsourcing, Genera is also aligning with the IRP's guidance on affordability and prudent investment in existing infrastructure to support long-term resource adequacy and operational flexibility. **Genera Exhibit 23, page 13, Accion Discovery Platform.**

35. In the proposed constrained budget for the Asset Management Department, several costs, services, and activities from the optimal budget were strategically deferred or reduced. These include a planned reduction in transformer testing, which lowered the associated need for bushing replacements. The purchase of certain reliability and diagnostic equipment—such as a thermal imaging camera—was postponed, and the quantity of other reliability equipment upgrades was scaled back. In addition, some professional services tied to major maintenance outages and condition assessments were deferred to later fiscal years, based on current asset performance. The budget also reflects a reduced reliance on outsourced engineering and OEM technical support, with greater emphasis placed on internal capabilities. Furthermore, non-critical infrastructure improvements and modernization projects, such as upgrades to condition monitoring systems and digital asset tracking tools, were also delayed. These adjustments were made to contain costs while maintaining operational readiness, with ongoing monitoring to ensure that deferred items are addressed as needed. Additionally, in the presented constrained scenario, Genera has deferred both critical and non-critical outages due to funding limitations. This includes postponing CT major overhauls, scaling back hot gas path inspections, reducing the scope of corrosion prevention measures, and limiting the execution of the full preventive maintenance strategy. These reductions, while necessary under current budget constraints, introduce operational risk if sustained over time. Genera is actively managing this risk through prioritization of high-impact assets, close performance monitoring, and targeted deployment of available resources to preserve core system reliability. Despite these limitations, the proposed budget remains consistent with prudent utility practice and represents a reasonable level of investment for inclusion in rates. Deferring costs or services in the Asset Management budget may have both short-term and long-term implications on system reliability and cost of service. In the short term, deferrals help control expenditures and keep customer rates stable by postponing non-critical investments. However, over time, reduced maintenance, delayed asset replacements, or postponed testing and diagnostic activities can lead to increased equipment wear, higher risk of unplanned outages, and potentially more expensive

emergency repairs. This could impact system reliability and may ultimately drive-up operating costs, which could affect future rates. While current deferrals have been carefully selected based on asset performance and risk assessments, continued delays without reinvestment could strain system resilience. Genera remains focused on mitigating these risks through close monitoring, prioritization of critical assets, and reintroducing deferred activities as conditions allow. **Genera Exhibit 23, pages 14-15, Accion Discovery Platform.**

## B. Operations Budget

36. For the Operations Department budget, Genera is proposing the optimal budget scenario which has been allocated at approximately \$75.9M for FY2026, \$76.7M for FY2027, and \$79M for FY2028. **Genera Exhibit 23, page 5, Accion Discovery Platform; Annex 5 Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

37. The Operations Budget requires a budget for (1) materials and supplies, (2) transportation, per diem, and mileage, (3) utilities and rent, and (4) plant maintenance services (also known as GMR). All these costs are related and needed for the proper operations of all generation assets (plants) under Genera's operations and maintenance services. **Genera Exhibit 23, page 15, Accion Discovery Platform; See Annex 3, Updated Final Revenue Requirement, Final Revision Tab, line 54, filed as part of LUMA's "Motion Submitting Revised Revenue Requirement" on January 9, 2026.**

### 1. Operations Budget: Materials and Supplies

38. The optimal budget for the material and supplies portion of the Operations Department has been allocated approximately \$26.8M for FY2026, \$26.4M [for] FY2027, and \$26.8M for FY2028, respectively. **Genera Exhibit 23, page 16, Accion Discovery Platform.**

39. The constrained budget for the material and supplies portion of the Operations Department has been allocated approximately \$20.4M for FY2026, \$20.1M for FY2027, and \$20.5M for FY2028, for materials and supplies. **Genera Exhibit 23, page 16, Accion Discovery Platform.**

40. The optimal budget is being pursued by Genera for the materials and supplies portion of the Operations Department given that the constrained budget incorporates a planned reduction in the use of outside services and a scaling back of materials and supplies that are typically required to maintain reliable plant operations. These include boiler cleaning services, hydrostatic testing, mechanical maintenance, and the maintenance of electrical and control systems, including protection relays and instrumentation. Preventive maintenance efforts involving chemicals, replacement parts, and other PM materials were also scaled back in the constrained budget. Seeking the constrained instead of the optimal budget would reflect a delay in work that would otherwise support long-term system reliability and operational performance. **Genera Exhibit 23, pages 16 and 18, Accion Discovery Platform.**

### 2. Operations Budget: Transportation, Per Diem and Mileage

41. The Operations Department transportation, per diem and mileage budget is the same under both the constrained and optimal scenarios because the transportation cost structure is

primarily fixed and already reflects an efficient baseline. Genera's operations rely on a company-owned vehicle fleet with established maintenance schedules and fuel management practices, which limits variability in cost regardless of budget scenario. Additionally, transportation is essential to maintain site access, respond to operational needs, and support field activities; therefore, reductions in this category could compromise basic operational continuity. As a result, both budget scenarios maintain the same level of funding to ensure uninterrupted support for plant operations without introducing logistical risk. **Genera Exhibit 23, page 18, Accion Discovery Platform.**

### **3. Operations Budget: Utilities and Rent**

42. The Operations Department utilities and rent budget is the same under both the constrained and optimal scenarios. There is no difference between the optimal and constrained budgets for utilities and rent in the Operations budget because these are largely fixed, non-discretionary costs required to sustain baseline operations. Utility expenses—including electricity, water, and waste management—are necessary for the continuous operation of critical systems, environmental compliance, and staff safety. Rent-related costs cover essential facilities. **Genera Exhibit 23, pages 19-20, Accion Discovery Platform.**

### **4. Operations Budget: Plant Maintenance Services (Generation Maintenance Reserve (GMR))**

43. Genera is pursuing the optimal budget for the Operations Department plant maintenance services (also known as GMR), which allocates \$30.3M for FY2026, \$31.5M for FY2027, and \$33.3M for FY2028. **Genera Exhibit 23, page 20, Accion Discovery Platform.**

44. The increase in Operations-related plant maintenance services costs (also known as GMR) from FY2026 to FY2028—across both the optimal and constrained budgets—is driven primarily by the ramp-up of critical services and materials needed to maintain system reliability. Key cost drivers include increased spending on professional services such as mechanical mobilizations, control system maintenance, condenser work, and fire protection upgrades required to meet insurance compliance standards. Additionally, higher material costs for gas cylinders, water treatment chemicals, and reverse osmosis membranes reflect the need to restore and stabilize aging systems. These rising expenses account for the resumption of deferred maintenance from prior years and the ongoing support of units that remain in operation during the transition of the generation fleet. **Genera Exhibit 23, pages 20-21, Accion Discovery Platform.**

45. Genera has been assessing and quantifying the anticipated effects of proposed projects on system reliability and prioritizing them accordingly, by evaluating all available FO and FDR events for fiscal years 2023 and 2024. The evaluation to date provides sufficient insight into the recurring failure categories and their impact on unit availability and this information has been linked to relevant NME projects to the FO and FDR events they are designed to prevent from reoccurring. Many of the projects proposed directly address the highest-frequency drivers of forced outages and derates, such as electrical, boiler, turbine, and balance-of-plant system failures while a significant portion of the portfolio is driven by site assessments, OEM recommendations, insurance audits, and overdue maintenance requirements. **Genera Exhibit 233, page 2, Accion Discovery Platform.**

46. Taken together, [the] assessment and quantification framework demonstrates that Genera's prioritization process is explicitly reliability driven. Projects are selected either to prevent recurrence of historical outage/derate events or to mitigate high-risk conditions identified through inspections and assessments. Both approaches directly support the objective of sustaining unit availability, reducing forced outage rates, and improving overall system reliability. Other projects have been guided by the requirements of the IRP and the LGA OMA, as well as regulatory compliance requirements, safety imperatives, and operational necessity. **Genera Exhibit 233, page 3, Accion Discovery Platform.**

47. Genera's projection that replacing high-failure components will reduce FO rates is based on unit-level failure history and RCA, condition assessments and OEM guidance identifying end of life parts. Genera conducted both quantitative and qualitative analyses of forced outage and derate events to determine the factual basis for its projected reduction in EFOR and overall improvement in reliability. Genera applied the IEEE 762-2006 methodology for reliability performance metrics, specifically focusing on the EFOR. **Genera Exhibit 504, page 2, Accion Discovery Platform; Hearing Transcript, pages 112-113, November 21, 2025.**

48. The proposed Operations costs are no higher than the level required by prudent utility practice. The budget has been developed based on asset conditions, historical performance, regulatory requirements, and operational risk assessments. In both the optimal and constrained scenarios, expenditures are focused on maintaining safety, reliability, and environmental compliance while minimizing unnecessary or non-critical costs. Where possible, Genera has reduced the scope of recurring maintenance tasks, limited the use of third-party services, and deferred select capital-intensive activities without compromising essential system functions. The optimal scenario includes the full scope of preventive maintenance, contractor support, materials, and recurring operational services required to maintain safe and efficient plant operations. It represents a proactive investment in reliability and cost control by addressing issues before they become critical. The constrained budget, while more limited, was crafted to preserve essential functions such as compliance, core site services, and minimum maintenance levels. Though it defers some non-critical activities, it reflects prudent utility practice by prioritizing what is needed to keep the system safely running, to the extent possible. Overall, these decisions assume cost control and risk mitigation, ensuring that all proposed spending remains aligned with industry standards for prudent utility management. **Genera Exhibit 23, pages 21-22, Accion Discovery Platform.**

49. The proposed Operations costs are sufficient to enable Genera to achieve the relevant performance metrics. The optimal budget is designed to enhance reliability by fully supporting preventive maintenance, system upgrades, and operational readiness, allowing for improved equipment performance and reduced risk of unplanned outages. It provides the necessary resources to address known vulnerabilities and proactively manage asset health, which directly contributes to meeting key performance targets. The constrained budget, while more limited, has been structured to preserve core operational functions; however, it carries certain reliability risks due to the deferral or reduction of support activities. Genera is actively working to mitigate these risks through targeted resource allocation, enhanced monitoring, and prioritization of critical

operations to ensure that performance standards are maintained despite fiscal limitations. **Genera Exhibit 23, pages 22-23, Accion Discovery Platform.**

50. The proposed Operations budget is aligned with the goals and implementation guidelines of the current IRP, which focuses on maintaining reliability, managing operational risks, and ensuring a smooth transition as older units are phased out and new resources come online. The budget supports the continued performance of the existing generation fleet by funding essential maintenance, system support, and environmental compliance activities needed to keep units operating safely and reliably during this transitional period. In the optimal budget, Genera focuses on improving reliability and reducing outages through timely maintenance and operational support—key elements that reinforce IRP priorities. The constrained budget, while more limited, is structured to protect core operational needs and maintain compliance, even if some less critical activities are deferred. Fixed cost areas like transportation, utilities, and rent remain steady, reflecting disciplined spending, and the planned increase in FY2028 accounts for the recovery of work postponed in prior years. Overall, the budget reflects a balanced and practical approach that supports the IRP’s goals of maintaining system reliability and least-cost resource planning. **Genera Exhibit 23, page 23, Accion Discovery Platform.**

51. In the constrained Operations budget, Genera deferred or reduced a range of services, materials, and recurring maintenance activities originally included in the optimal budget. The key areas of adjustment included reductions in third-party professional services—particularly for mechanical, electrical, boiler, and condenser maintenance mobilizations—and scaling back on certain recurring plant support contracts. Projects not immediately tied to safety or compliance were delayed, including infrastructure rehabilitation, non-critical painting work, and diagnostic testing services. Material and chemical purchases, and warehouse inventory replenishment, were also reduced to align with a narrower preventive maintenance strategy. This also applied to scaled-back orders of PPE and emergency equipment. Some control system and instrumentation support services were trimmed to essential coverage only, and in select cases, expenditures for environmental systems (like online cooler cleaning and membrane replacement) were delayed. These budgetary constraints were applied using a risk-based approach—prioritizing essential reliability and compliance work, while deferring activities that could be safely postponed without immediate impact to system performance. However, it is acknowledged that sustained deferral may introduce operational and reliability risks over time if not addressed in future budget cycles. **Genera Exhibit 23, page 24, Accion Discovery Platform.**

52. Deferring costs or services in the Operations budget can help reduce short-term spending, but it may also introduce risks that could impact system reliability over time. By postponing certain maintenance tasks, equipment upgrades, or support services, the system may become more vulnerable to unexpected failures, reduced efficiency, or longer outage durations. This, in turn, can increase operating costs in the long run and potentially affect service availability. While the current constrained budget was carefully designed to protect essential reliability functions, ongoing deferral of operational work may require corrective actions that are more expensive or urgent in nature later on. If not addressed in future cycles, these risks could contribute to higher overall costs, which may ultimately put upward pressure on customer rates. That said, Genera is actively monitoring the condition of assets and performance trends to ensure that reliability is preserved, and any deferred work is prioritized appropriately when funding becomes available. **Genera Exhibit 23, page 25, Accion Discovery Platform.**

### C. Projects Budget and Necessary Maintenance Expenditures (NME)

53. Joaquín Antonio Quiñoy Ortiz, Vice-President of the Engineering, Construction and Maintenance Department is responsible for overseeing the execution of site/equipment projects as well as the daily maintenance operations for most generation plants at Genera. The budget presented for his department supports Genera's efforts to maintain and back the improvements of generation reliability, reduce unplanned outages, and prepare for the transition to cleaner and more efficient power sources. **Genera Exhibit 24, pages 3-4, Accion Discovery Platform.**

54. Before his position at Genera, Mr. Quiñoy was, among others, General Manager at Fieldcore LatinAmerica (a GE Company) from 2021 to 2024, Global Operations Leader at GE Energy (2010 to 2012) and Portfolio Manager at GE Energy (2008 to 2010). **Genera Exhibit 24, page 4, Accion Discovery Platform.**

55. Mr. Quiñoy manages and supervises the Projects budget and most of the NME Budget. **Genera Exhibit 24, pages 5 and 12, Accion Discovery Platform.**

56. Genera is proposing the constrained scenario for the Projects budget which has been allocated at approximately \$141K for FY 2026, \$141K for FY 2027, and \$159K for FY 2028. **Genera Exhibit 24, page 5, Accion Discovery Platform.**

57. The Projects budget includes and needs the following items (1) professional services, (2) materials and supplies, (3) travel and expenses and (4) Other services. **Genera Exhibit 24, page 6, Accion Discovery Platform.**

#### 1. Projects Budget: Professional Services

58. Professional services in the Projects budget includes all necessary trainings and certifications in and outside of Puerto Rico. **Genera Exhibit 24, page 6, Accion Discovery Platform.**

59. The amount allocated to the professional services budget line in the constrained budget for the Projects budget are approximately \$11.7K for FY 2026, \$12K for FY 2027 and \$12.4K for FY 2028. **Genera Exhibit 24, page 6, Accion Discovery Platform.**

60. The professional services budget stays mainly flat across the rate period as costs allocated to professional services mainly include trainings and certification expenses of specific staff members. Many required certifications, compliance programs and upskilling initiatives are planned and executed early in FY2026, resulting in stable or reduced needs through the following years. Once staff are certified and trained, recertification cycles may occur less frequently or at a lower cost. Also, by FY2026, Genera has already institutionalized standard training programs that allow for predictable, recurring costs across future years. Additionally, Genera does not forecast any major regulatory changes regarding construction and maintenance projects. **Genera Exhibit 24, pages 6-7, Accion Discovery Platform.**

#### 2. Projects Budget: Materials and Supplies

61. Materials and supplies for the Projects budget mainly include office supplies. **Genera Exhibit 24, page 6, Accion Discovery Platform.**

62. The amount allocated to the materials and supplies budget line for the Projects budget in the constrained budget scenario are approximately \$14K for FY2026, FY2027 and FY2028, respectively. **Genera Exhibit 24, page 7, Accion Discovery Platform.**

63. The materials and supplies proposed budgets only include office supplies. In Genera's day-to-day administrative operations of the Construction, Engineering and Maintenance projects are not expected to change in FY 2026 through FY 2028, leading to a consistent level of need for basic supplies, such as paper, pens, safety binders and printer materials. **Genera Exhibit 24, page 8, Accion Discovery Platform.**

### **3. Project Budget: Travel and Expenses**

64. Travel and expenses in the Projects budget includes the transportation and lodging of Inspector and PM site visits, and transportation for staff meetings. **Genera Exhibit 24, page 6, Accion Discovery Platform.**

65. The amount allocated to the travel and expenses constrained budget scenario is approximately \$62.9K for each year, FY2026 through FY2028. **Genera Exhibit 24, page 9, Accion Discovery Platform.**

66. The travel and expense budget remains the same for the rate period as the department anticipates a stable project location and travel patterns, limiting the tasks to a geographically consistent location. Routine Inspector and PM site visits are already built into the baseline budget, resulting in predictable and recurring travel needs. Also, the department is not projecting a significant increase in headcount or expansion of engineering operations, then travel demands remain unchanged. Genera has also developed greater reliance on remote collaboration tools which have proven to reduce and stabilize the need for physical travel. **Genera Exhibit 24, page 9, Accion Discovery Platform.**

67. The difference between the constrained and optimal budgets reflects a scaling back of non-essential or deferrable activities, including reduced travel frequency, smaller travel teams, deferred training-related trips, and tighter cost controls on lodging and transportation. The constrained budget focuses on only those travel activities that are mission-critical, while the optimal budget supports a more comprehensive operational presence, workforce development, and enhanced project oversight-all of which contribute to long-term performance, safety, and efficiency. **Genera Exhibit 24, page 10, Accion Discovery Platform.**

### **4. Project Budget: Other Services**

68. The amount allocated to the other services budget line in the constrained budget scenario is approximately \$52.5k for FY2026, \$52.5K for FY2027 and \$70K for FY2028. **Genera Exhibit 24, page 10, Accion Discovery Platform.**

69. In the Other Services line item, Genera has proposed a budget line to cover the expenses related to the acquisition and maintenance of the Procore Platform, a project management information system aimed at construction and engineering projects that allows the company to simplify its workflow and enhance the linkages among the different project components within Genera. The cost increase in FY2028 for the Procore Platform reflects the anticipated growth in user base, expanded platform capabilities, and potential integration needs as Genera scales up its

project execution and digital construction management capabilities. The investment aligns with the company's ongoing efforts to enhance project transparency, coordination, and efficiency across its capital program. **Genera Exhibit 24, pages 6 and 10-11, Accion Discovery Platform.**

70. The amount included in the constrained budget represents a targeted and phased approach to the Procore platform implementation, prioritizing high-need users and core functionality. While this approach may temporarily limit cross-departmental access or defer advance features, it enables Genera to maintain critical project management capabilities while controlling costs. This scenario balances fiscal discipline with operational readiness and preserves the flexibility to scale up platform usage in future budget cycles. **Genera Exhibit 24, page 11, Accion Discovery Platform.**

## 5. Necessary Maintenance Expenditures

71. The proposed NME budget for FY2026 to FY2028 focuses on the maintenance efforts of the current fleet, which are covered under its required planned maintenance schedules, the EPS requirements to perform environmental outages on the steam boiler fleet and to help support the general maintenance and reliability of all generation units. Over 50% of the budget is centered in supporting maintenance of the equipment, parts/materials, and repairs required to maintain the units in proper operation, including the EPA required environmental outages and building repairs. **Genera Exhibit 24, page 12; Genera Exhibits 189, 190, 235 and 329, Accion Discovery Platform.**

72. Genera is proposing the “other” scenario for the NME budget allocating approximately \$144.7M for FY2026, \$164.3M for FY2027, and \$161.1M for FY2028. This budget represents the constrained budget for NME with certain reductions related to the decommissioning projects as well as costs associated with \$1.5M in BESS O&M during FY2026 that are not going to be incurred. **See Annex 3, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement"; Genera Exhibit 361, Accion Discovery Platform.**

73. Genera is proposing the constrained scenario for the projects and NME budget. In this scenario there are no rate payer funds being sought for the San Juan 8 and 10 and Cambalache 1 conversion projects. **See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement", as well as Genera Exhibit 887, Tab D-2 Constrained, lines 111 and 225, Accion Discovery Platform.**

74. The proposed costs related to the NME under the ECM Department are necessary to achieve performance consistent with the statutory standard of providing adequate, safe, reliable, efficient, and nondiscriminatory electric power service. These costs are based on detailed technical assessments of the condition, performance, and operational risks associated with the existing generation assets. The proposed NME expenditures specifically support:

- a. Asset rehabilitation and modernization, replacing or overhauling critical infrastructure and equipment that has exceeded its useful life or presents safety and reliability risks.

- b. Environmental and regulatory compliance projects, ensuring that plant operations meet applicable local and federal standards.
- c. System reliability improvements, including upgrades to control systems, fuel supply infrastructure, and maintenance practices that reduce forced outages and improve operational continuity.
- d. Efficiency gains through capital investments that improve generation performance, reduce fuel consumption, and lower emissions.
- e. Safety and worker protection enhancements, aligning maintenance and construction activities with OSHA and industry safety standards. **Genera Exhibit 24, page 17, Accion Discovery Platform.**

75. The capital projects in the NME budget must be viewed in the context the [of the] dire state of the generation assets and of Genera's responsibilities, related to generation availability and reliability. The budget allocations are the product of technical evaluation and prudent utility management practice, and deferral of these projects would materially increase risks of forced outages, higher operating costs, and potential non-compliance with regulatory and contractual standards. **Genera Exhibit 267; BH Exhibit 365, Accion Discovery Platform.**

76. As part of its responses to Request[s] for Information, Genera included a narrative description of the nature and scope of the projects as well as the reasons it believes the projects are reasonable and prudent. Including that they are a reliability driven necessity, that they correspond to regulatory and contractual obligations, that they are consistent with prudent utility practices, that they are in alignment with the system transitioning plan and they mitigate risk as well as being more cost efficient in the future. **Genera Exhibits 267, 374 and 850 Accion Discovery Platform.**

77. Failure to fund these expenditures would compromise system reliability, delay critical repairs, and put at risk the company's ability to meet its obligations under the law. **Genera Exhibit 24, page 17; Genera Exhibit 324, Accion Discovery Platform.**

78. Each line item in the NME budget is linked to a specific loss recovery objective, with priority levels assigned based on outage impact, forced outage rates, and OEM recommendations. Genera's goal is to recover up to 400–500 MW of lost capacity across the generation fleet over the next three fiscal years. Performance will be tracked using KPIs such as forced outage rate, net capacity factor, and unit availability. IT/OT investments will enable real-time diagnostics and predictive maintenance to further reduce unplanned losses. **Genera Exhibits 848 and 880 Accion Discovery Platform.**

79. A detailed breakdown of FY2026–FY2028 cost categories— including labor, contracted services, and all other relevant components— and the corresponding amounts used to estimate both the unconstrained and constrained expenses were included at the request of Energy Bureau consultants for the following projects: (1) Line 139, Palo Seco Plant, Environmental Outage Unit 3. 2. Line 202, Aguirre Combined Cycle, Major inspection of units GT 1;(2) Necessary Repairs on the Heat Recovery Steam Generators. Auxiliary Equipment to be Repaired (Fuel, Water Pumps, MCC, Compressors, Among Others); (3) Line 160, Aguirre Plant, Low

Pressure Spare Turbines Recertification (Rotors) U2. **Genera Exhibit 22.3 REV, Tabs D-1 Optimal and D-1 Constrained; Genera Exhibit 1041 LFE, Accion Discovery Platform.**

80. Key initiatives in the NME budget include Major turbine/generator overhauls (e.g., Aguirre Unit 2, Costa Sur Unit 6); Air heater basket replacements and boiler tube upgrades; Condenser cleaning and vacuum system rehabilitation; Control system modernization (DCS, instrumentation, and IT/OT integration); Environmental and regulatory outages to restore emissions compliance and thermal efficiency. **Genera Exhibit 848, Accion Discovery Platform.**

81. The proposed costs related to the ECM Department are no higher than the level required by prudent utility practice. Genera has followed established utility planning and budgeting methodologies to ensure that all proposed expenditures are: (1) Justified based on technical condition assessments, risk evaluations, and operational performance needs; (2) Reviewed internally to prioritize only those projects and maintenance activities that are essential for maintaining compliance, system integrity, and safety. Moreover, many of the proposed investments address deferred maintenance and infrastructure degradation that, if left unaddressed, would result in higher future costs, increased forced outages, or safety risks—outcomes that prudent utility management aims to avoid. The proposed budget reflects a measured, risk-informed approach, balancing the need to modernize and maintain critical assets while controlling costs. Therefore, the expenditures are consistent with the standard of prudence expected of a utility operating under regulatory oversight. **Genera Exhibit 24, page 18, Accion Discovery Platform.**

82. The proposed costs for the ECM Department are sufficient to enable Genera to achieve the relevant performance metrics established by applicable regulations, internal performance standards, and service obligations. Genera's proposed expenditures are based on thorough engineering evaluations and industry-standard maintenance planning practices. The funding levels are calibrated to deliver results in line with the statutory obligation to provide adequate, safe, reliable, efficient, and nondiscriminatory electric service, while meeting the performance targets as set forth in the applicable statutes, by the PREB, and the OMA. **Genera Exhibit 24, pages 18-19, Accion Discovery Platform.**

#### **D. Labor Operations and Maintenance**

83. The Labor Operations budget is led by Jennifer C. Witeczek, an HR Executive – Regional HR and a Senior HR professional with over 25 years of experience across all facets of human resources. **Genera Exhibit 27.01, page 1, Accion Discovery Platform.**

84. Ms. Witeczek serves as Vice President of Services leading Genera's services department including HR: Employee relations, Union relations, Recruitment, Payroll, Talent Development; Fleet management, corporate security and Emergency Response. **Genera Exhibit 27.01, page 1, Accion Discovery Platform.**

85. Ms. Witeczek pre-filed testimony supports Genera's optimal and constrained budget for the Labor Operating Expenses budget, the Non-Labor HR Operating Expenses budget, the Security budget and the Fleet budget, and how the costs allocated for these budgets would be reasonable and prudently incurred to withstand both existing and future Genera commitments. **Genera Exhibit 27, page 1, Accion Discovery Platform.**

86. Genera's Labor Operations and Maintenance Budget is being proposed as a hybrid as follows: (1) the Labor Operating Expenses have been allocated at approximately \$77.7M for FY2026, \$100.0M for FY2027, and \$102.4M for FY2028 in the hybrid budget scenario. These amounts contemplate a \$20M allocation related to union labor expense mitigation for FY2027 and FY2028; (2) Genera's HR Non-Labor Operating Expenses have been allocated approximately \$560,000.00 for FY2027, FY2026, and FY2028, respectively in the optimal budget scenario; (3) the Security budget has been allocated at approximately \$7.1M for FY2026, \$7.5M for FY2027, and \$7.9M for FY2028 in the constrained budget scenario; (4) the Fleet budget has been allocated at approximately \$793,000.00 for FY2026, FY2027, and FY2028, respectively in the constrained budget scenario. **Genera Exhibit 27, page 4, Accion Discovery Platform; Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

87. Ms. Witeczek proposed labor operating expenses that are necessary and appropriate to meet the statutory obligation to provide electric power service that is adequate, safe, reliable, efficient, and nondiscriminatory. **Genera Exhibit 27, page 11, Accion Discovery Platform.**

88. The proposed labor operating expenses are no higher than the level required by prudent utility practice. **Genera Exhibit 27, page 12, Accion Discovery Platform.** The proposed Non-Labor HR Operating Expenses are necessary to support internal programs—such as employee engagement and professional support services—that indirectly contribute to the provision of adequate, safe, reliable, efficient, and nondiscriminatory electric power service. **Genera Exhibit 27, page 19, Accion Discovery Platform.**

89. Ms. Witeczek further explains that the proposed Security and Fleet Budget is necessary to support this statutory standard, particularly as it relates to safe, reliable and efficient electric service. **Genera Exhibit 27, page 24, Accion Discovery Platform.**

### 1. Labor Operating Expense

90. The Labor Operating Expenses Budget needs the following items to operate: (1) Salaries and Wages, (2) Pension and Benefits, and (3) Overtime Pay. Regarding budget item number (2), “pension” refers to a 401(k) savings plan, and other benefits, including holidays, mileage, vacation, paid time off, Christmas bonuses, performance bonuses, among others. **Genera Exhibit 27, page 5, Accion Discovery Platform.**

91. The main difference between the optimal and constrained scenarios in the Labor Operating expense is the potential increase in costs as a result of the negotiation of the collective bargaining agreement between Genera and the union, which is still ongoing. The hybrid scenario contemplates a \$20M allocation in FY2027 and FY2028 for this purpose. **Genera Exhibit 27, page 5, Accion Discovery Platform; Hearing Transcript dated November 25, 2025, page 13. Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

92. Items under negotiation with the union that may have significant budgetary implications include severance pay, extraordinary compensation, minimum compensation, recruitment salary, and salary increase, which directly affect base labor costs. Additionally, productivity bonus, per diems and mileage, incentive and differential pay, and 24-hour work leave

(for extended shifts) may influence variable compensation expenditures. Benefits and leave-related provisions such as vacation leave, sick leave, paternity leave, work accident leave, union leave, holidays, retirement plan, health insurance, Christmas bonus, and life insurance are also subject to negotiation and may result in increased employer obligations. Finally, related administrative costs may rise depending on the complexity and outcomes of the negotiated agreements. **Genera Exhibit 27, pages 5-6, Accion Discovery Platform.**

93. The Labor Operation Expenses budget assumes costs for (i) non-union employees, generally (ii) union employees assuming a lower cost scenario of the collective agreement outcome, and (iii) union employees assuming a higher cost scenario of the collective agreement outcome. **Genera Exhibit 27, page 7, Accion Discovery Platform.**

94. Salaries and Wages have been allocated approximately \$52.8M for FY2026, \$67.9M for FY2027, and \$69.6M for FY2028 in the hybrid scenario. **Genera Exhibit 27, pages 7-8, Accion Discovery Platform. Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

95. The incremental costs across the three-year period for Salaries and Wages in the optimal scenario are primarily driven by assuming increase in staff across the period to best meet operational demands, and annual salary adjustments to account for collective bargaining outcomes and general factors which may include cost-of-living adjustments, step increases, or other compensation enhancements aimed at maintaining workforce competitiveness and retention. The optimal budget also accounts for the full implementation of negotiated terms. **Genera Exhibit 27, page 8, Accion Discovery Platform.**

96. The *constrained* scenario contemplates the exclusion or deferral of anticipated costs associated with the implementation of a formalized collective bargaining agreement. Conversely, it contemplates approximately a 3% increase in all items within Labor Operating Expense *constrained* budget. **Genera Exhibit 27, page 8, Accion Discovery Platform.**

97. Pension—i.e. 401(k) savings plan—and benefits have been allocated approximately \$19.2M for FY2026, \$24.8M for FY2027, and \$25.4M for FY2028, in the hybrid scenario. These increased costs assume anticipated increment in employee numbers, pension costs, and escalating benefit costs. **Genera Exhibit 27, page 9, Accion Discovery Platform. Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

98. Overtime Pay has been allocated approximately \$5.7M for FY2026, \$7.3M for FY2027, and \$7.5M for FY2028 in the hybrid budget. **Genera Exhibit 27, pages 10-11, Accion Discovery Platform. Annex 5 Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA's as part of "Motion Submitting Revised Revenue Requirement"**

99. The proposed labor operating expenses are necessary and appropriate to meet the statutory obligation to provide electric power service that is adequate, safe, reliable, efficient, and nondiscriminatory. These proposed costs were developed through a rigorous budgeting process that accounted for both the essential labor functions needed to support day-to-day operations and

the additional obligations that may arise from ongoing collective bargaining negotiations. **Genera Exhibit 27, page 11, Accion Discovery Platform.**

100. In the optimal budget scenario, allocations reflect not only current staffing needs but also proactive planning for workforce growth, retention, and the full implementation of formalized collective bargaining agreements, should they materialize. The inclusion of enhanced compensation, pension—401(k) savings plan—, benefits, and overtime provisions ensures Genera’s ability to attract and retain qualified personnel, particularly for specialized and critical roles necessary for 24/7 system reliability, maintenance, and emergency response. **Genera Exhibit 27, page 11, Accion Discovery Platform.**

101. In the constrained budget scenario, costs were modeled with fiscal discipline while still maintaining core operational capabilities. Even with the deferral of union labor-related expenses, the constrained budget reflects prudent assumptions, including a 3% annual increase in salaries, benefits, and overtime pay. These increases are intended to address inflation, cost-of-living adjustments, and modest workforce growth necessary to avoid service degradation. This approach enables Genera to maintain baseline performance without compromising customer access, system integrity, or response readiness. **Genera Exhibit 27, pages 11-12, Accion Discovery Platform.**

102. Both scenarios reflect cost structures that directly support operational continuity and system resilience. They are consistent with the statutory standard, ensuring the utility can continue to fulfill its mandate to deliver power services safely, reliably, and without discrimination, regardless of the outcome of labor negotiations. **Genera Exhibit 27, pages 11-12, Accion Discovery Platform.**

103. The proposed labor operating expenses are no higher than the level required by prudent utility practice, as that term is understood within the regulatory framework and specific context of Puerto Rico’s electric system. The proposed costs reflect reasonable balance between cost-efficiency, operational reliability, safety, and continuity of service, and are conformed by practices that are available and appropriate to the circumstances facing the utility at this time. Prudent utility practice does not require the selection of the lowest-cost option in isolation but calls for the adoption of cost-effective and operationally sustainable practices that support reliable and safe utility service. In this case, both the optimal and constrained budget scenarios were developed to ensure service quality without incurring unnecessary or speculative expenses. The optimal budget reflects a responsible planning approach that incorporates potential outcomes of collective bargaining negotiations while preparing the utility to meet workforce needs over a multi-year horizon. This includes labor cost projections consistent with sector norms, anticipated inflation, and operational scale. **Genera Exhibit 27, page 12, Accion Discovery Platform.**

104. The constrained budget, by contrast, demonstrates fiscal restrictions and adherence to minimum viable operational requirements, assuming deferral of certain union-related costs while maintaining essential staffing and service delivery capabilities. Across both scenarios, labor-related cost escalations are modeled using reasonable inflationary assumptions and industry-accepted forecasting aligned with cost-effective labor management practices observed in comparable utility environments. **Genera Exhibit 27, page 13, Accion Discovery Platform.**

105. Taken together, the proposed expenditure falls within the spectrum of prudent utility practices and reflect the necessary adaptability required in Puerto Rico's unique operational and regulatory landscape. They are neither excessive nor speculative and are consistent with the methods available to utilities that must balance cost with system performance and public service obligations. **Genera Exhibit 27, pages 12-13, Accion Discovery Platform.**

106. The proposed Labor Operating Expense budget across the three fiscal years represents a strategic and sufficient allocation of workforce-related resources necessary to support Genera's operational responsibilities and achieve relevant performance metrics. Both the optimal and constrained scenarios were designed to maintain staffing levels, labor availability, and support functions that are critical for system reliability, responsiveness, and cost-effective performance. The optimal scenario anticipates workforce needs under evolving system demands, incorporating potential outcomes of collective bargaining agreements, compensation adjustments, and benefit enhancements necessary to attract, retain, and deploy qualified personnel. These elements are vital to ensuring continued adherence to operational, safety, and customer service standards. **Genera Exhibit 27, page 13, Accion Discovery Platform.**

107. Even under the constrained scenario, the proposed budget maintains a functional level of labor funding that supports core operations, emergency response readiness, and continuity of service. With approximately 3% annual increases assumed across salaries, pension-401(k) savings plan— and benefits, and overtime, the budget reflects a minimum viable resourcing level that enables Genera to meet baseline performance expectations and support IRP-aligned initiatives, including system maintenance, outage response, and workforce-driven cost containment. The proposed cost is sufficient to support Genera's operational performance commitments and maintain alignment with IRP execution, while preserving flexibility to adjust to labor-related outcomes during this transitional period. **Genera Exhibit 27, pages 13-14, Accion Discovery Platform.**

108. The proposed Labor Operating Expense budget is sufficient and properly structured enabling Genera to achieve the relevant performance metrics established under the applicable regulatory framework, including those outlined in the relevant performance metrics regulations and the LGA OMA. **Genera Exhibit 27, page 14, Accion Discovery Platform.**

109. The Labor Operating Expense budget—comprising salaries and wages, pension (401k savings plan) and benefits, and overtime pay—was developed through a disciplined planning process that takes into account operational demands, projected workforce needs, and the potential outcomes of ongoing collective bargaining negotiations. These labor resources are fundamental to ensuring performance across a range of critical areas, including operational efficiency, availability of generating units, compliance with safety and environmental standards, and the capacity to meet all required reporting and performance obligations. In the optimal scenario, the budget allows for adequate staffing levels and assumes implementation of labor terms that support employee retention, workforce readiness, and safe plant operations. These assumptions are directly aligned with Performance Metric categories such as Safety Compliance and Operation Cost Efficiency. In the constrained scenario, while certain union-related cost assumptions are deferred, the budget still reflects a 3% year-to-year increase across all Labor Expense items. This ensures continuity of operations and retention of human capital across all areas. As such, even under fiscal constraints, the proposed budget maintains the labor foundation

necessary to meet the minimum operational standards and performance obligations required under the LGA OMA. Furthermore, the structure of the labor budget supports Genera's ability to meet quantifiable performance indicators related to customer service, financial accountability, regulatory compliance, and infrastructure reliability. It enables Genera to effectively contribute to the broader public policy objective of delivering reliable, safe, and cost-effective electric power services during a period of system transition and infrastructure modernization. The proposed labor operating costs have been, to the extent possible, designed to ensure alignment with Genera's contractual, regulatory, and public service obligations, and would be sufficient to support achievement of the relevant performance metrics. **Genera Exhibit 27, pages 14-16, Accion Discovery Platform.**

## 2. Non-Labor Operating Expense

110. The Non-Labor HR budget comprises (1) professional and technical outsourced services and (2) other expenses. Professional and technical outsourced services include costs related to recruitment, learning and development, and pre-employment background checks services while other expenses include costs associated with employee engagement. **Genera Exhibit 27, page 16, Accion Discovery Platform.**

111. The professional and technical outsourced services portion of the Non-Labor HR optimal budget has been allocated approximately at \$495,000.00 for FY2026, FY2027, FY2028, respectively, and the constrained budget has been allocated at approximately \$380,000.00 for FY2026, FY2027, FY2028. Genera is proposing the constrained budget for Non-Labor HR Operating Expenses. **Genera Exhibit 27, page 16, Accion Discovery Platform. See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

112. The allocation of a flat budget for 'professional and technical outsourced services' across FY2026, FY2027, and FY2028 in both scenarios reflects Genera's expectation of stable service needs and consistent costs for external resources over the three-year period. In both scenarios, the scope of outsourced services—such as specialized HR consulting, compliance support, external training resources, and technical advisory assistance—is projected to remain the same. Furthermore, to the extent possible, Genera would be in a better position to recur with long-term vendor arrangements or fixed-fee engagements to secure pricing and avoid cost spikes. **Genera Exhibit 27, page 17, Accion Discovery Platform.**

113. The decrease in budget under the constrained scenario reflects the need to limit spending while still supporting essential non-labor human resources operations conforming to the proposed budget with the definitions of constrained budget and optimal budget. In essence, the constrained budget assumes several factors, such as reduced reliance on external vendors for services such as specialized HR consulting, workforce development programs, and non-critical technical advisory support. While valuable under normal operating conditions, these services are considered to be deferrable or adjustable in the short term without materially affecting the performance of key non-labor HR operations. **Genera Exhibit 27, page 17, Accion Discovery Platform.**

114. For the other expenses portion of the Non-Labor HR budget, approximately \$65,000.00 has been allocated for FY2026, FY2027, and FY2028, and approximately \$60,000.00

for FY2026, FY2027, and FY2028, in the constrained scenario. Genera is proposing the constrained scenario for "other expenses." The allocation of a flat budget for 'other expenses' across the period and in both scenarios is due to assuming stable and predictable expenditure in this category. These expenses typically include minor operational costs related to HR administration, such as subscriptions, materials, background checks, employee documentation, and miscellaneous fees. **Genera Exhibit 27, pages 18-19, Accion Discovery Platform. See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

115. The proposed Non-Labor HR Operating Expenses are necessary to support internal programs—such as employee engagement and professional support services—that indirectly contribute to the provision of adequate, safe, reliable, efficient, and nondiscriminatory electric power service. These costs help sustain a functional and stable workforce environment, including statutory audits to 401K plans, which supports overall system performance and organizational effectiveness. While not directly tied to infrastructure or operations, these expenses support workforce readiness and morale, which are foundational to maintaining high service standards. The proposed Non-Labor HR Operating Expenses are within the range of cost-effective practices available to a utility and consistent with prudent utility practice. The budget was developed using stable, flat allocations over the planning period and includes only essential and support-focused services, such as outsourced HR technical support and basic employee engagement. The constrained scenario further reflects a downward adjustment in areas deemed deferrable. The approach reflects sound judgment, cost control, and a clear understanding of which services are necessary to maintain organizational support without exceeding reasonable cost levels. **Genera Exhibit 27, pages 19-20, Accion Discovery Platform.**

116. To the extent Non-Labor HR Operating Expenses contribute to Genera's performance, the proposed cost is sufficient to support relevant metrics related to employee safety, reporting obligations, and cost-efficiency. For example, outsourced HR services may assist in regulatory training or support compliance documentation, while employee engagement programs contribute to workforce stability, which supports safety and operational readiness. These expenditures are conforming with the performance areas tracked under applicable regulations and the LGA OMA, including safety compliance, workforce performance, and reporting standards. **Genera Exhibit 27, pages 19-20, Accion Discovery Platform.**

117. The proposed Non-Labor HR Operating Expenses are consistent with the approved IRP and its Modified Action Plan. While these expenses do not relate with direct infrastructure development or capital deployment, they support the workforce necessary to implement IRP-aligned operational activities. Stable HR administrative support and employee engagement contribute to the utility's ability to manage organizational change, meet compliance obligations, and ensure internal alignment with broader system transformation goals, including those identified in the IRP's implementation timeline. **Genera Exhibit 27, pages 19-20, Accion Discovery Platform.**

### 3. Security

118. The Security budget includes (1) materials and supplies and (2) security expenses. Materials and supplies for the Security budget consist of document supplies and entry of exit books. The Security expenses within the Security budget consist of contracted security services,

training and capacitation seminars, drill exercises, VSS, physical security for plants (i.e. gates, fences, among others), and SACS and related upgrades and maintenance. **Genera Exhibit 27, page 21, Accion Discovery Platform.**

119. Materials and supplies in the Security budget is the same in both the optimal and *constrained* budget, and have been allocated approximately \$3,500.00 for FY2026, \$3,600.00 for FY2027, and \$3,700.00 for FY2028. **Genera Exhibit 27, page 21, Accion Discovery Platform.**

120. Security expenses in the Security budget is the same in both the optimal and constrained budget and have been allocated approximately \$7.1M for FY2026, \$7.5M for FY2027, and \$7.9M for FY2028. **Genera Exhibit 27, pages 22-23, Accion Discovery Platform.**

121. The Security expense is the same in both scenarios because the underlying services—such as contracted security, physical site protection, surveillance systems, and access control—are essential to safe and continuous operations. These functions are not discretionary and offer little room for cost reduction without increasing operational risk. Accordingly, the budget for security remains unaltered across both scenarios to ensure baseline protection and compliance standards consistent with Genera operations. **Genera Exhibit 27, page 23, Accion Discovery Platform.**

122. The increase in security expenses from FY2026 through FY2028 assumes cost escalations in contracted security services and planned upgrades to physical and electronic security systems. It would also account for ongoing training, drills, and maintenance activities needed to ensure a secure and compliant operational environment. These expenses are critical for secure operations and cannot be significantly reduced without compromising security. **Genera Exhibit 27, pages 22-23, Accion Discovery Platform.**

123. The proposed Security Budget is necessary to support this statutory standard, particularly as it relates to safe, reliable, and efficient electric service. The activities and costs under these budgets—such as contracted security personnel, surveillance systems, access control, and physical barriers—are essential for protecting assets, personnel, and infrastructure across all sites. The proposed costs stay within the range of what a prudent utility would spend to meet its security needs and safety compliance without compromising service or staff and asset security. The proposed Security Budget reflects what is necessary to protect operation sites and ensure secure operations. The services and things it covers are standard across the utility industry and essential for maintaining safety, the latter being one of the areas evaluated under the LGA OMA. The proposed Security Budget is necessary to support the generation system operations by providing secure conditions to implement the current IRP. While security expenses are not direct IRP implementation costs, these enable safe access to facilities, maintaining site integrity, and supporting workforce readiness during key IRP-related activities, including unit retirements, conversions, and the integration of generation resources. **Genera Exhibit 27, pages 23-24, Accion Discovery Platform.**

#### 4. Fleet

124. The Security budget includes the following items: (1) transportation, per diem and mileage, and (2) other expenses. Transportation-related costs are needed for maintenance of company vehicles, which overall include service, support, and equipment vehicles used for day-

to-day operations (i.e. trucks, vans, specialty vehicles), site inspections, projects, among other customary operational needs in the utility sector. These maintenance costs encompass routine and corrective maintenance activities necessary to ensure that the fleet remains safe, reliable, and operationally effective. Other expenses include costs for vehicle management and tracking software used to monitor usage, scheduled maintenance, and improve dispatch efficiency, as well as licenses required for operating certain vehicles or equipment. These expenditures are necessary to maintain a safe, efficient, and responsive fleet that supports essential utility operations such as system maintenance and outage response. **Genera Exhibit 27, page 25, Accion Discovery Platform.**

125. Transportation-related costs in the Fleet optimal scenario are allocated at approximately \$750,000.00 for FY2026, FY2027, and FY2028, respectively while \$725,000.00 for FY2026, FY2027, and FY2028 are being proposed for the constrained scenario. Genera is proposing the constrained scenario for its Fleet budget. **Genera Exhibit 27, pages 25-26, Accion Discovery Platform. See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

126. A flat budget in the constrained scenario would require maintaining essential fleet operations within limited financial resources. Similar to the optimal scenario, the proposed constrained budget assumes a stable fleet size and relies on preventive maintenance and existing vehicle management systems to ensure reliability and safety. A revision of transportation-related costs in the constrained scenario assumptions entailed a modest reduction in fleet as well as restraining non-essential maintenance tasks, extending maintenance intervals where possible, all without compromising operational efficiency and safety. **Genera Exhibit 27, pages 26-27, Accion Discovery Platform.**

127. The other expenses in the Fleet optimal and constrained scenarios are the same and are allocated approximately \$68,000.00 for FY2026, FY2027, and FY2028, respectively. This reflects the essential and largely fixed nature of these costs. Items such as vehicle management and tracking software, licensing, and required training are necessary for safe and compliant fleet operations. Throughout the three fiscal years, these costs would be difficult to reduce without impacting proper fleet monitoring, licensing and safety for vehicle operators. Additionally, the flat budget assumes no increased expenses related to licensing requirements, vehicle management, and tracking software. **Genera Exhibit 27, page 27, Accion Discovery Platform.**

128. The proposed Fleet Budget is necessary to maintain the transportation and logistical support required for safe and reliable utility operations. Fleet resources are essential for carrying out site inspections, maintenance activities, and emergency response. The budget supports ongoing vehicle maintenance, tracking, and compliance, all of which are critical to ensuring efficient, reliable, and safe service. The budget aligns with prudent utility practices by funding those services necessary to maintain safe and reliable fleet operations. The budget reflects reasonable tools and activities that are of standard support in utility operations—such as scheduled maintenance, vehicle tracking, and licensing. The constrained scenario illustrates costs with reductions made only where they would not affect core service or safety, ensuring that budget remains within the range of acceptable practices for efficient fleet management. The proposed costs for Fleet Budget, although not necessarily related to specific performance metrics, would nonetheless support Genera's ability

to meet relevant performance metrics under the LGA OMA, such as operational cost efficiency and safety compliance. **Genera Exhibit 27, pages 28-29, Accion Discovery Platform.**

## 5. Corporate Offices Budget

129. The Corporate Office budget includes and needs the following items (1) materials and supplies (2) Utilities and rent, and (3) other expenses. Materials & Supplies includes general office supplies and compostable office kitchen supplies. Utilities & Rent includes workspace office rent, exterminating services, general utilities, common area maintenance and operating expense escalations, parking-related costs, and valet parking services. Other expenses include maintenance, snacks, additional parking for employees, drinks, miscellaneous office items, coffee, coffee machine rent, water machine rent and parts, recycling services, and cleaning services. **Genera Exhibit 27, page 30, Accion Discovery Platform.**

130. Materials and supplies are allocated approximately \$8,400.00 for FY2026, FY2027, and FY2028, respectively for both the constrained and optimal scenarios. **Genera Exhibit 27, page 30, Accion Discovery Platform.**

131. The utilities and rent are allocated approximately \$1M for FY2026, FY2027, and FY2028, respectively, but these are covered by the fixed fee and are not being pursued as part of the revenue requirement. **Hearing Transcript, pages 300-301, December 4, 2025.**

132. Other expenses include, among others, maintenance, recycling services, and cleaning services. Other expenses are allocated approximately \$96,000.00 for FY2026, FY2027, and FY2028, respectively for both the constrained and optimal scenarios. **Genera Exhibit 27, page 32, Accion Discovery Platform.**

## 6. Fuel Department Budget

133. Mr. Vladimir Scutt is Vice-President the Fuels Department at Genera. He is responsible for ensuring that all power units remain operationally fueled to generate energy. Mr. Scutt's duties also include managing the fuel procurement process, logistics and contract management, as well developing and evaluating KPIs. Mr. Scutt also manages commercial relationships with vendors, carries out budgeting for fuel expenditures, and oversees the Fuel sourcing. **Genera Exhibit 25, page 2, Accion Discovery Platform.**

134. For the Fuels department the optimal budget has been allocated at approximately \$1.5M for FY2026, \$1.5M for FY2027, and \$1.8M for FY2028 and approximately \$237.58K for FY2026, \$252K for FY2027, and \$267.5K for FY2028 for the constrained. **Genera Exhibit 25, page 4, Accion Discovery Platform.**

135. For the Rate Period encompassing FY2026, FY2027 and FY2028, Genera is pursuing the constrained budget scenario for the Fuels Department. **Hearing Transcript, December 8, 2025, page 275.**

136. The Fuels Department requires and encompasses (1) materials and supplies, (2) transportation, per diem and mileage, (3) utilities and rents, (4) professional and technical outsourced services, and (5) other expenses. **Genera Exhibit 25, page 4, Accion Discovery Platform.**

137. Materials and supplies costs are essentially needed for the live financial data and analytics tool needed to assess fuel trends and guide informed and prudent decisions. **Genera Exhibit 25, page 4, Accion Discovery Platform.**

138. The cost associated with materials and supplies is the same under both the constrained and optimal scenarios with an allocation of approximately \$25K for FY2026, \$27.5K for FY2027, and \$30K for FY2028. As of today, the sole item under consideration is the Bloomberg Terminal, which serves as a critical tool for real-time market pricing and connectivity. Given its essential role across all operating conditions, the associated costs remain consistent under both the optimal and constrained budget scenarios. **Genera Exhibit 25, pages 5-6, Accion Discovery Platform.**

139. The proposed 10% price escalation for Materials and Supplies was developed through a combination of (i) historical procurement data from PREPA's legacy operations, (ii) vendor quotations and market intelligence received during the preparation of Genera's FY2026–FY2028 budgets, and (iii) inflationary trends in global supply chains for critical generation inputs. **Genera Exhibit 299, Accion Discovery Platform.**

140. The transportation, per diem and mileage item is related to energy summits and associated travel. This activity provides team members with exposure to new vendors, emerging trends, and global developments in the fuels sector, all of which is reasonably tied to and aligned with prudent utility practice and cost-effective and strategic fuel procurement. **Genera Exhibit 25, page 4, Accion Discovery Platform.**

141. In the constrained scenario, approximately \$10K has been budgeted across all three fiscal years for transportation-related costs. **Genera Exhibit 25, page 6, Accion Discovery Platform.**

142. In the constrained scenario, the flat allocation for Travel & Expenses underscores the essential nature of ongoing travel requirements to sustain and advance Fuels Department operations. Despite fiscal limitations, this steady budget reflects the continued necessity for site visits, supplier engagements, and participation in key industry forums and energy summits; critical to maintaining strategic partnerships, market awareness, and operational alignment. **Genera Exhibit 25, page 7; Genera Exhibits 300 and 303, Accion Discovery Platform.**

143. Utilities and rents refer particularly to the Costa Sur tank lease, a recurring and necessary cost needed for safe and adequate storage, particularly for providing flexibility to the operating units in case of an energy emergency or unforeseen events. **Genera Exhibit 25, page 5, Accion Discovery Platform.**

144. In the Fuels constrained scenario, utilities and rents costs were deferred entirely, reflecting a deliberate reallocation of limited resources toward higher-priority operational needs. **Genera Exhibit 25, page 8, Accion Discovery Platform.**

145. While the addition of storage capacity could offer meaningful long-term savings and logistical flexibility, it was determined that other allocations deliver more immediate or critical value under fiscal constraints. **Genera Exhibit 25, page 8, Accion Discovery Platform.**

146. Professional and technical outsourced services include costs related to the electronic fuel price platform, which is necessary to ensure timely and accurate fuel cost data and supports cost-effective procurement and deliveries. Additionally, this budget item accounts for employee educational training, which is essential for maintaining competent capabilities within the applicable industry and regulatory standards, and improving market understanding, procurement strategies and logistical capabilities. **Genera Exhibit 25, page 5, Accion Discovery Platform.**

147. In both the *optimal* and *constrained* scenario, the professional services item within the Fuels Department was allocated at approximately \$200K for FY2026, \$212K for FY2027, and \$225K for FY2028. **Genera Exhibit 25, page 9, Accion Discovery Platform.**

148. The other expenses item accounts for costs related to the reinstatement of Annual Certifications, TWIC Renewals, and prospective Continued Education Programs. **Genera Exhibit 25, page 5, Accion Discovery Platform.**

149. Under the constrained scenario, the allocation related to other expenses was allocated at approximately \$2,500 for FY2026, FY2027, and FY2028 respectively. **Genera Exhibit 25, page 10, Accion Discovery Platform.**

150. The proposed Fuels Budget reflects a targeted and responsible approach to ensuring compliance with the statutory standard of providing "adequate, safe, reliable, efficient, and nondiscriminatory electric power service." **Genera Exhibit 25, page 12, Accion Discovery Platform.**

151. The constrained budget, while reflecting fiscal prudence, maintains operational integrity by preserving essential services and re-prioritizing expenditures to protect critical functions. Discretionary elements such as expanded training programs, conference participation, and additional storage capacity are deferred, but compliance, safety, and continuity of supply remain safeguarded. This reflects the Department's commitment to efficient resource utilization without compromising the statutory and contractual obligations of providing a safe and reliable service. **Genera Exhibit 25, page 12, Accion Discovery Platform.**

152. The proposed Fuels Budget has been developed in alignment with prudent utility practice, ensuring that all projected expenditures are necessary, justified, and directly linked to maintaining safe, reliable, and efficient fuel operations. Cost estimates have been carefully calibrated based on historical data, market indicators, and operational requirements, without including speculative or nonessential spending. **Genera Exhibit 25, page 13, Accion Discovery Platform.**

153. The proposed Fuels Budget has been developed in alignment with the objectives and implementation timeline of Puerto Rico's 2020 IRP, which prioritizes system reliability, cost efficiency, and a transition toward a more resilient energy portfolio. The Fuel budget supports these goals by ensuring secure fuel supply, infrastructure integrity, and operational continuity during the IRP's transitional phases, particularly as renewable generation and energy storage are phased in. By maintaining fuel system readiness and flexibility, the proposed expenditures complement the IRP's staged deployment strategy, helping to safeguard system adequacy while minimizing risk

during periods of evolving generation capacity. **Genera Exhibit 25, page 14, Accion Discovery Platform.**

154. The constrained budget reflects deliberate trade-offs, most notably, the utilities and rents category, which includes the Costa Sur tank lease, was entirely curtailed under the constrained scenario. While this deferral sacrifices some operational flexibility, it was necessary to preserve higher-priority functions within the limits of available resources. Despite these constraints, the core integrity of fuel operations has been preserved. Accordingly, essential services such as compliance support, credentialing, fuel market analysis, and supplier coordination remain fully supported in both budget scenarios. The constrained budget was structured to ensure that no compromises were made to safety, reliability, or continuity of supply, even while discretionary spending was minimized. **Genera Exhibit 25, pages 16-17, Accion Discovery Platform.**

### **III. AREAS OF FOCUS DURING HEARING RELEVANT TO GENERA'S REVENUE REQUIREMENT ON GENERATION COSTS AND LABOR OPERATIONS**

*Questions during the hearing focused on the necessity and difference among the NME, GMR and Reserve Account costs. The evidentiary record presented consists of facts relating to the difference between these accounts, the importance and varied purpose each serve, the amounts needed to cover the expenses associated with each, the need for the costs presently incurred or anticipated.*

#### **A. NME**

155. The revenue requirement incorporates allocations for NME, which consist of pre-identified repair and maintenance activities tied to asset condition assessments, OEM recommendations, and regulatory compliance requirements. These projects are designed to prevent forced outages, extend unit availability, and improve overall system resilience. **Genera Exhibits 479 and 181, Accion Discovery Platform.**

156. The proposed NME expenditures specifically support (a) Asset rehabilitation and modernization, replacing or overhauling critical infrastructure and equipment that has exceeded its useful life or presents safety and reliability risks; (b) Environmental and regulatory compliance projects, ensuring that plant operations meet applicable local and federal standards; (c) System reliability improvements, including upgrades to control systems, fuel supply infrastructure, and maintenance practices that reduce forced outages and improve operational continuity; (d) Efficiency gains through capital investments that improve generation performance, reduce fuel consumption, and lower emissions and (e) Safety and worker protection enhancements, aligning maintenance and construction activities with OSHA and industry safety standards. **Genera Exhibit 24, page 17, Accion Discovery Platform.**

#### **B. GMR**

157. The GMR or Plant Maintenance Services account is not a reserve account. Rather, it represents a budget allocation intended to cover ongoing operations and maintenance activities for the legacy generation fleet. The GMR functions as an operational safeguard, funding necessary activities that are not tied to specific planned projects but are essential to sustain unit reliability

and avoid unanticipated forced outages as well as well for operations. These activities typically include urgent component replacements, OEM technical support, third party services, emergency corrective actions, and responses to high-risk asset failures that cannot be predicted or scheduled in advance. Because of the inherently reactive nature of many of these expenditures, the GMR does not consist of pre-identified or itemized maintenance projects with fixed individual costs. Instead, it provides the flexibility required to address unforeseen operational needs and maintain system reliability in accordance with prudent utility practice. **Genera Exhibit 275, Accion Discovery Platform.**

158. The GMR does not consist of pre-identified or itemized projects with fixed costs, nor does it correspond to any standalone account. Instead, it represents the level of resources required to address unforeseen and ordinary operational demands to maintain system reliability consistent with prudent utility practice. **Genera Exhibit 904, Accion Discovery Platform.**

159. The Energy Bureau established the Generation Maintenance and Technical Services Contractor for Preventive Maintenance and Repair Works Reserve (GMR) to ensure supplementary budget funds to sustainably cover unanticipated needs or shortfalls born of reassigning initial maintenance allocations. **Resolution and Order dated December 8, 2023, NEPR-MI-2021-0004, pages 14-15.**

160. By contrast to the GMR, the NME, consists of pre-scheduled, asset-specific maintenance activities based on established outage calendars, condition assessments, OEM-recommended intervals, and environmental compliance mandates.” **Genera Exhibit 180, pages 1-2, Genera Exhibit 181, Accion Discovery Platform.**

161. The revenue requirement includes funding for the GMR as this fund functions as a flexible mechanism to support major maintenance and services, unanticipated reliability events, and repairs that fall outside routine O&M. The GMR ensures Genera can act quickly to address emergent issues without jeopardizing day-to-day operations, thereby reducing outage duration and frequency. **Genera Exhibit 479, Accion Discovery Platform.**

### C. Reserve Account

162. Section 7.6(d) of the LG OMA establishes the creation of a Reserve Account from which Genera shall draw funds from time to time to pay for costs in connection with Forced Outages, Force Majeure Events or Owner Fault, and costs in connection with the procurement and installation of any Capital Spare Parts. The revenue requirement requests the replenishment of the Reserve Account, which shall be funded and replenished with \$30M. Maintaining this reserve at the levels mandated by the LGA OMA ensures Genera has access to liquidity to prevent reliability crises from escalating. **Genera Exhibit 479; PC Exhibit 952, page 99, Accion Discovery Platform.**

163. A Forced Outage pursuant to the LG OMA means, as defined by IEEE 762-2006, an unplanned disconnection or stoppage of a Legacy Generation Asset due to failure or defect of the unit or its equipment, or another such event, including due to the operational or unplanned malfunctioning of equipment on the transmission grid or human error that impacts the operation of the Legacy Generation Asset. **PC Exhibit 952, page 21.**

#### **D. Labor Costs: Union Increase**

164. Genera's Labor Expense constrained budget is around \$77.7 million. **Hearing Transcript, page 12, November 25, 2025.**

165. Energy Bureau consultant, Eng. Justo González, recommends the approval of the Constrained Budget for labor costs. **Genera Exhibit 64, pages 1-2, Accion Discovery Platform.**

166. The difference between the constrained and optimal budget is a proposal from Genera's union that includes increases in benefits, salary increases, premiums, and several other asks from the union. Strictly speaking, between constrained and optimal, the difference is the potential of a collective bargaining agreement. **Hearing Transcript, page 12, November 25, 2025.**

167. Genera is currently in the process of negotiating with the union. **Hearing Transcript, page 69, November 25, 2025.**

#### **E. Blackstart Capabilities: Aguirre & Costa Sur**

168. At the Aguirre Power Complex, Units 1 and 2 rely on the Aguirre CC to provide blackstart capability. The Aguirre CC has a newly installed generator that will serve as the blackstart source for the CC units; however, these systems are not currently autonomous. At the Costa Sur Power Plant, there is presently no dedicated blackstart unit. Nevertheless, under the FEMA-funded Peaker Project, Siemens units are planned for installation, which will provide blackstart capability upon completion. **Genera Exhibit 326, Accion Discovery Platform.**

#### **F. Performance Bonus Calculation**

*During the hearing questions arose related to Genera employee's performance bonus calculation. Genera hereby cites the evidentiary basis for the operator's implementation and rationale for employee performance bonus calculation:*

169. Bonus payments are incorporated into Genera's budget process, are funded exclusively from the approved labor budget and are an essential part of the employees' compensation as per the labor market. Effective management of labor costs, effective negotiating abilities, proper management of overtime, innovation in practices to increase productivity, effective management of time off and workforce scheduling, timely progressive discipline, organizational design innovation and other practices are some of the measures Genera has in place to ensure that we keep within our labor budgeted costs. **Genera Exhibit 1030 LFE, Accion Discovery Platform.**

170. Payment of employee bonuses is based on performance metrics established by Genera's compensation program. Bonuses are awarded only when (a) the Company meets its annual internal performance metrics and goals, and (b) the employee receives an annual evaluation rating that meets or exceeds the required threshold. **Genera Exhibit 1030 LFE, Accion Discovery Platform.**

#### **G. TM2500**

*Questions during the hearing focused on the operation and management of the fourteen (14) TM2500 units as there are pass through costs associated with these units that are paid to a*

*subsidiary of Genera's parent company. The evidentiary record presented consists of facts relating to cost projections, the sufficiency of the costs presently incurred or anticipated, and the associated trade-offs. As such, the evidentiary basis for the necessity of these costs and the importance of these units for system reliability states as follows:*

171. The TM2500s at Palo Seco and San Juan were deployed to offset capacity deficiencies due to unplanned outages, deferred maintenance, and generation gaps during the transition to more modern and permanent capacity solutions. The 14 TM2500 have a combined capacity of 340MW. **Genera Exhibits 178 and 1013 LFE, Accion Discovery Platform.**

172. The TM2500 units arrived to Puerto Rico under a MA as emergency work requested by FEMA and led by the USACE. This MA covered the lease and operations of the TM2500 units and the MA ended just before PREPA purchased the 14 units on March 15, 2024. Immediately, PREPA asked Genera to operate and maintain the TM2500 units. **Genera Exhibit 923, Accion Discovery Platform.**

173. The continuing operation of these TM2500s was and remains critical to ensure sufficient generation capacity in Puerto Rico. Prior to the purchase of the TM2500s by PREPA, the LGA OMA did not include these 14 TM2500s as part of the legacy generation assets, nor was a budget approved for Genera to run these units. **Genera Exhibit 923, Accion Discovery Platform.**

174. Genera and P3A staff discussed that the team operating the temporary generation units prior to the purchase would continue to operate the units after the purchase to allow for a reasonable transition of the relevant operation activities to PREPA/Genera over time. The seller of the TM2500s agreed to operate the 14 TM2500 for a limited period free of charge to assist with transition, and Genera began to procure replacement contracts and materials on behalf of PREPA. **Genera Exhibit 923, Accion Discovery Platform.**

175. For FY2024-2025, Genera requested budget to operate the TM2500 units. In discussion with P3A staff, Genera also put in place an intercompany agreement to permit certain parts and labor to be reimbursed as "passthrough" costs, rather than a fixed fee. The same agreement remains in place as of this date, but Genera also handles the procurement of some parts and services related to the units directly and not through the intercompany agreement. **Genera Exhibit 923, Accion Discovery Platform.**

176. While Genera supports efforts to extend the operation of the units beyond 2027, Genera does not view it as prudent to hire additional personnel to operate the TM2500 until FEMA approves that extension. **Genera Exhibit 923, Accion Discovery Platform.**

177. The Governor of Puerto Rico has already requested FEMA to extend the operation of the TM2500 after 2027. If this is approved, Genera will then seek to hire additional internal Genera staff for this operation. **Genera Exhibit 923, Accion Discovery Platform.**

178. The costs included in the budget proposals for this rate case represent Genera's estimates of costs to operate the TM2500s in-house based on its experience administering operation of the units since March 2024. Genera does not foresee any difference or savings to

operate them with internal staff, rather than as are currently being operated. **Genera Exhibits 923 and 327, Accion Discovery Platform.**

179. The personnel currently operating the units were transitioned from high expertise industries such as aviation turbine companies, or industrial companies that use combustion turbines, and no Genera employee today possesses the OEM-level operational, or maintenance qualifications required for these particular TM2500 units. For these reasons, the current contractor remains essential, as it provides the full suite of labor, technical expertise, and maintenance support required to ensure the safe and reliable operation of the TM2500 units. **Genera Exhibits 901 and 1013 LFE, Accion Discovery Platform.**

180. The amount of \$17,063,597.08 estimated for the costs needed to operate the TM2500 units, corresponds to the ongoing operation and minor maintenance of fourteen (14) temporary generation units currently in service, not seventeen (17) or ten (10). This figure reflects estimates of routine and minor maintenance activities necessary to keep the operating units available; major maintenance is not included within this amount. **Genera Exhibit 901, Accion Discovery Platform.**

181. The cost included for the TM2500's encompasses all activities required to sustain unit readiness and dispatch capability. These include labor and technician support for operations and maintenance; procurement of materials, consumables, and spare parts for recurring service intervals; and the retention of qualified third-party vendors for specialized work such as OEM inspections, regulatory testing, and emissions compliance. In addition, the costs incorporate support systems such as software licensing, monitoring tools, and remote access platforms necessary to ensure safe and compliant operation of these critical generation units. the continued availability of these assets is critical to supporting system resilience and mitigating the risk of generation shortfalls during scheduled and unscheduled outages across the legacy fleet, because they add 340MW. **Genera Exhibit 178, page 2, Genera Exhibits 330 and 1013 LFE, Accion Discovery Platform.** These TM2500's represents almost 10% of the whole island generation capacity.

182. The costs associated with operating and maintaining the TM2500's (\$17M) are not eligible for federal reimbursement under FEMA Public Assistance or CDBG-DR frameworks and that the cited funding mechanisms do not authorize reimbursement of recurring O&M costs for the TM2500 units—supporting the need for rate recovery if the units are required for reliability during the period. **Genera Exhibit 177, page 2, Accion Discovery Platform.**

#### **H. Proposed Conversions of San Juan Units 7, 8, 9 & 10 and Cambalache 1**

183. Genera is proposing the constrained budget as relevant to its NME projects, accordingly no rate payers funds are being sought for either the conversions of San Juan Units 7, 8, 9 & 10 or Cambalache 1. See **Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement"; as well as Genera Exhibit 887, Tab D-2 Constrained, lines 111 and 225, Accion Discovery Platform.**

## I. LTSA's for Tesla

*Discussions arose during the evidentiary hearing related to Long Term Service Agreements proposed for peakers and Tesla batteries. The record presented consists of facts relating to the draft status of the contracts as well as the evidentiary basis for the necessity of these contracts and benefits for adequate equipment operation.*

184. Long-term service agreements with OEMs are used to ensure guarantee parts on time, troubleshoot whenever you have issues with your equipment, and have certain guarantees on that LTSA: whether it's performance, availability, etcetera. **Hearing Transcript, pages 407-408, November 18, 2025.**

185. Genera is in the process of negotiating contracts for long-term service agreements that would include parts, services and the required equipment that is needed for maintaining the equipment, that such agreements would provide more technical support and specific expertise, and that the OEMs have already the line of sight of the parts needed when they're needed, such that they can guarantee the operation of the units accordingly. **Hearing Transcript pages 353-354, November 18, 2025.**

186. For the LTSA's Genera's engineering team was performing an estimate based on future contracts, with Siemens for the GT800 and more than likely with General Electric for the LMs. The negotiation for these contracts would include parts, services and the required equipment that is needed for maintaining the equipment. The LTSA's would be more for technical support and specific expertise to the repairs and the parts needed for the maintenance of the peaker units. **Hearing Transcript pages 353-354, November 18, 2025.**

187. LTSA's tend to be good contracts to have with OEMs, because they can support them. They have the technical expertise, and they have already the line of sight of the parts needed when they're needed, and they can guarantee the operation of the units accordingly... it's giving you the right rating; it's giving you the right availability." **Hearing Transcript, pages 353-354, November 18, 2025.**

188. In supporting the importance of LTSA's for equipment, Mr. Quinoy stated that "[y]ou're either sole provider of everything and you do it yourself or you seek out contracts or partnerships... with companies... the OEMs— that actually not only know exactly how to maintain your equipment, they can guarantee parts on time. They can troubleshoot whenever you have issues with your equipment. They have certain guarantees on that LTSA: whether it's performance, availability, etcetera." **Hearing Transcript, page 407, November 18, 2025.**

189. An LTSA helps maintain the unit in the best working order, ensures that you have support from a manufacturer so that your unit comes back reliably as soon as possible, that the vendor or the manufacturer or OEM actually takes on the responsibility of the equipment. Locking a price with an LTSA helps you guarantee and price, without an LTSA it will probably cost you about 30% / 40 % more. **Hearing Transcript, pages 407-408, November 18, 2025.**

190. The contracts are LTSA, so they're long-term service agreements. They're only focused on you ensuring that your vendor has the time allotted for your maintenance. They can actually keep good inventory for you. They can even sometimes guarantee inventory in case of an

emergency, and a response time, in order to make sure that you are capable of maintaining the units... or an availability factor, pretty high. **Hearing Transcript, pages 370-371, November 18, 2025.**

191. Tesla, in the equipment supply contract, required that there be a long-term service agreement or an authorized Tesla validated service provider to provide the maintenance for the BESS, and that it was a requirement of the seller and it's in the equipment supply contract, and a request in the structure of the RFP itself. **Hearing Transcript, page 206, December 12, 2025; Genera Exhibits 186, 187, 188 and 902, Accion Discovery Platform.**

192. As part of the RFP process, Genera negotiated extended warranty term; it goes hand in hand with having the maintenance for the batteries and explains. There is pricing in the supply contract for the extended warranty. And there's also the requirement to have the services, in order to have the extended warranty, so as part of the warranty, you're required to have the extended service or LTSA. **Hearing Transcript, pages 207-208, December 12, 2025.**

193. Eng. Justo L. González-Torres, Energy Bureau consultant, testified that long-term service agreements have demonstrated compliance with time-based maintenance. **Hearing Transcript, pages 411-412, December 12, 2025.**

194. Eng. González-Torres recommends LTSA's: "In my case, I recommend it because... [the companies] have their LTSA contracts, better performance in terms of the equipment, and better maintenance". **Hearing Transcript, page 412, December 12, 2025.**

#### **IV. POTENTIAL CONFLICTS OF INTEREST: LUMA & GENERA (Hearing Date December 8, 2025)**

*Pursuant to the Hearing Examiner's September 9, 2025 Order requiring CEO testimony addressing potential conflicts of interest, Genera timely filed the Supplemental Direct Testimony of its President & CEO, Winnie Irizarry Velázquez ("Supplemental Testimony"). The CEO testimony on the matter (i) candidly identifies the only plausible area where a potential organizational conflict could be alleged (affiliate involvement in fuel supply); (ii) explains the limits of Genera's discretion versus matters controlled by external governmental procurement authorities; and (iii) describes the specific guardrails and oversight mechanisms that prevent any potential conflict from being acted upon to the detriment of Puerto Rico consumers. The evidentiary basis for Genera's position that any conflicts of interest are adequately identified and managed are as follows:*

##### **A. Identified conflicts between Genera and parent company or affiliate are proactively managed by independent government or third-party entities**

195. The CEO Conflict Testimony informs that Genera operates under an OCI policy incorporated into the LGA OMA and approved by the Bureau through the Energy Compliance Certificate process, and that the policy is designed to identify and mitigate any potential, apparent, or actual OCI—particularly in procurement and contract-administration activities performed by Genera as PREPA's agent. The CEO further explains that this OCI framework is intended to ensure compliance with applicable legal requirements and conflict-of-interest standards referenced in the testimony (including Uniform Guidance concepts and procurement conflict standards). **PC Exhibit 952; Annex VI of the LGA OMA, pages 178-204 [Genera Exhibit 49] Resolution and**

**Order (Energy Compliance Certificate), In Re: Certificate of Energy Compliance, Case No. NEPR-AP-2022-0001 (P.R. Energy Bureau, January 15, 2023).**

196. According to the U.S. Office of Management and Budget Uniform Guidance at 2 C.F.R. Part 200 (the “Uniform Guidance”), adopted by reference in Annex VI of the LGA OMA, an “[o]rganizational conflict of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, [an] entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.” **Genera Exhibit 49, page 3, Accion Discovery Platform.**

197. Genera has an affiliate relationship with NFE, which currently owns and operates a micro fuel handling facility in San Juan that provides natural gas to Owner as well as the affiliate's interest in potential procurements for the sale and delivery of LNG. **Genera Exhibit 49, page 2, Accion Discovery Platform.**

198. Genera acknowledges that potential conflicts must be carefully identified and managed. The LGA OMA, as approved by the Energy Bureau through the Energy Compliance Certificate dated as of January 15, 2023, has in place a complete OCI policy intended to identify and mitigate any potential, apparent or actual OCI, particularly in procurement and contract administration activities for Facility Contracts where Genera is acting as the agent of PREPA. This policy is intended to ensure compliance with all applicable laws and regulations, including but not limited to Act No. 2 of the Legislative Assembly of Puerto Rico (enacted January 4, 2018) and the applicable provisions of the U.S. Office of Management and Budget Uniform Guidance at 2 C.F.R. Part 200 (the “Uniform Guidance”). The policy is also intended to ensure compliance with the P3A’s Guidelines for the Evaluation of Conflicts of Interest and Unfair Advantages in the Procurement of P3A, dated December 19, 2009. Finally, this Policy is guided by the standards and concepts set forth at Subpart 9.5 of the FAR, 48 C.F.R. Chapter 1. The policy has been incorporated to Genera's Procurement Manual as described in Section 4.2 (p) of the LGA OMA. **Genera Exhibit 49, page 3, Accion Discovery Platform.**

199. Current safeguards are in place for the conflicts of interest, as defined in the LG OMA, including: (a) Independent Procurement Authority: All NFE fuel supply contracts are to be procured through the P3A/3PPO process. One natural gas supply contract [with NFE] was already in place before Genera assumed operational responsibility under the LGA OMA. Those that came after or have yet to be materialized are subject to the same OCI procedure where external governmental entities as well as an independent third party are responsible for their procurement; and (b) Regulatory Oversight: Fuel procurement decisions where a Genera affiliate is involved are outside the scope of Genera’s operational discretion and remain under the jurisdiction of P3A/3PPO and subject to FOMB approval. **Genera Exhibit 49, page 9, Accion Discovery Platform.**

200. There are multiple guardrails in place to ensure accountability by Genera: (1) thorough OCI policies that include the government of Puerto Rico through P3A and a 3PPO with final determination authority over any procurement where a Genera affiliate is involved; (2) Energy Bureau oversight that includes budget evaluation and determination, quarterly reporting on a number of key initiatives including IRP compliance and ongoing projects; and (3) FOMB

oversight which includes filing of reports as well as approval of budgets and applicable projects. **Genera Exhibit 49, page 10, Accion Discovery Platform.**

201. The CEO Testimony addresses the Hearing Examiner's concern that performance mechanisms (penalties, incentives, and contract-termination risk) could be framed as a "source of conflict." This framing misapprehends the basic alignment embedded in the LGA OMA: performance-improvement work, operational savings initiatives, and reliability upgrades are pursued because they are contract obligations that advance Puerto Rico's articulated public-policy objectives (safe, reliable service and reduced costs), not because they are independent profit-seeking "side goals" adverse to ratepayers. In other words, where the contract uses incentives and penalties, it does so as a designed mechanism to incentivize and align operator's conduct with the public interest—rather than to create an adverse self-interest. **Genera Exhibit 49, pages 5-6, Accion Discovery Platform.**

202. The LGA OMA details the process and scenarios whereby Genera can seek incentives for various savings and other performance metrics. This process requires the P3A to agree with the Incentives and Penalties report before payment. The Operation Costs Efficiencies parameter, for example, allows Genera to claim incentives for cost efficiencies during a Contract Year. The parameter is calculated as annual Operating Budget minus total actual budget expenditures for that year. **Genera Exhibits 321 and 1045 LFE, Accion Discovery Platform.**

203. As relevant to incentives, Genera has not requested incentives for any CAPEX project costs covered by Federal Funds. It is Genera's official position that it would not seek incentives from savings related to CAPEX project costs covered by federal funds. Genera may, in the future, seek incentives related to some parts of the operational budget. This could include, for example, reductions in fuel costs resulting from improvements made to units using federal funds. In these and other cases, Genera may seek incentives for 50% of those fuel savings. **Genera Exhibit 1045 LFE, Accion Discovery Platform.**

## V. INTER-UTILITY COOPERATION (Hearing Date December 8, 2025)

*Genera has a positive relationship with many stakeholders, including LUMA, PREPA, and P3A, and the record demonstrates productive coordination that supports inter-utility cooperation.*

204. Genera and LUMA have good inter-utility cooperation in exchanging information related to forecasting demand and consumption. **Hearing Transcript, December 8, 2025, pages 297-298.**

205. Genera has good cooperation with LUMA, PREPA, P3A and all the stakeholders. **Hearing Transcript, December 8, 2025, page 300.**

206. Genera and LUMA have been working closely in the peaker and BESS projects. **Hearing Transcript, December 8, 2025, pages 313-314.**

207. Regarding Integration of BESS ~430 MW capacity with 4-hour operation by end of 2026) Genera and LUMA have established a structured coordination process, including weekly technical meetings focused on interconnection studies, Minimum Technical Requirements

(MTRs), and system integration planning. These discussions have ensured alignment on the technical capabilities and control parameters necessary for the effective deployment of BESS assets within the transmission and distribution system. Through this ongoing coordination, Genera is working closely with LUMA to ensure that each BESS installation is configured to support grid stability functions, including voltage regulation, frequency support, and other factors based on real-time system conditions. **Genera Exhibit 24, pages 23-25; Genera Exhibits 186 and 230, Accion Discovery Platform.**

## VI. MULTI-UTILITY COST AREAS (Hearing Dates December 2 and 4, 2025)

*Genera's Multi-Utility Cost Area budgets reflect a structured, needs-based budgeting process and comprise prudent, non-deferrable support functions required to operate the legacy fleet safely, reliably, and in compliance with applicable contractual, statutory, and regulatory requirements. Among the budgets covered by the multi-utility costs panel are the Fixed Fee, Corporate Affairs Department, Legal and Insurance costs, IT/OT and Regulatory, Environmental, Emergency Response and Safety. The evidentiary record presented consists of facts relating to cost projections, the sufficiency of the costs presently incurred or anticipated, and the associated trade-offs. As such, the evidentiary basis for the necessity of these costs is as follows:*

### A. Fixed Fee

208. Pursuant to the LGA OMA, “from and after the Service Commencement Date, Owner shall pay Operator, in accordance with this Agreement, the O&M Fixed Fee.” **PC Exhibit 952, pages 83-84, Accion Discovery Platform.**

209. The Agreement further provides that “[t]he O&M Fixed Fee payable to Operator for each Contract Year as compensation for the performance of the O&M Services shall be as set forth in Section I of Annex II (Compensation – O&M Fixed Fee),” **LGA OMA, Article 7, Section 7.1(b)**, and that “Owner shall pay the O&M Fixed Fee in monthly installments equal to (i) one-twelfth (1/12) of the O&M Fixed Fee”. **PC Exhibit 952, pages 83-84, Accion Discovery Platform.**

210. Annex II then sets the O&M Fixed Fee amounts by Contract Year (and the CPI indexing), and states that “the O&M Fixed Fee payable to Operator in each Contract Year ... shall be as follows: Contract Year ... 1 US\$22.5 million x CPI Factor ... 10 US\$22.5 million x CPI Factor,” while also providing that, “Commencing in Contract Year 6,” the O&M Fixed Fee “shall be subject to an O&M Fixed Fee Adjustment” upon decommissioning or removal from scope, “provided, however, that ... the O&M Fixed Fee shall not be reduced below US\$5 million.” **PC Exhibit 952, pages 158-160, Accion Discovery Platform.**

211. The revenue requirement to cover the costs associated with the Genera Fixed Fee has been allocated at approximately \$26,585,154 for FY2026, \$27,621,330 for FY2027 and \$28,697,890 for FY2028. See, **Updated Final Revenue Requirement filed on January 9, 2026 by LUMA as part of the "Motion Submitting Revised Revenue Requirement".**

## B. Corporate Affairs

212. Mr. Juan Ivan Baez Santiago is Vice President of Public and Governmental Affairs at Genera and is responsible for Genera's interactions with government officials, regulatory agencies and community stakeholders. Mr. Baez Santiago manages public affairs, supporting regulatory and legislative matters and ensuring effective communication between Genera and external audiences. **Genera Exhibit 28, pages 1-2, Accion Discovery Platform.**

213. The Corporate Affairs Budget comprises professional services, travel and expenses and other expenses which include memberships in trade and industry organizations such as the Puerto Rico Chamber of Commerce, Manufacturers Association, Retailers Association, Food Wholesalers Association and Small Business Association- as well as contributions to community engagement initiatives through Genera's CSR program. **Genera Exhibit 28, pages 2-3, Accion Discovery Platform.**

214. The Corporate Affairs Department is proposing the constrained budget scenario which consists of approximately \$1.5M for FY2026 and FY2027 and \$1.6 for FY2028. **Genera Exhibit 28, page 3; Genera Exhibits 283 and 284, Accion Discovery Platform.**

215. The budget is composed of non-labor costs including (1) transportation, per diem and mileage, (2) communications expenses and (3) other expenses. **Genera Exhibit 28, page 3, Accion Discovery Platform.**

216. The transportation, per diem and mileage portion of the budget is the same in both the constrained and optimal scenarios and has been allocated approximately \$275K for FY2026, \$303K for FY2027 and \$333K for FY2028. These costs are already established at a minimum essential level and are required for travel for government relations, stakeholder engagement, and participation in key events and cannot be further reduced without impacting the department's core functions. **Genera Exhibit 28, pages 3-4, Accion Discovery Platform.**

217. The communications expenses constrained budget has been allocated at approximately \$832K for FY2026, FY2027 and FY2028. **Genera Exhibit 28, page 4; Genera Exhibit 282, Accion Discovery Platform.**

218. The other expenses constrained budget has been allocated at approximately \$400K for FY2026, FY2027 and FY2028. **Genera Exhibit 28, page 5, Accion Discovery Platform.**

219. The Corporate Affairs proposed costs are necessary to support performance consistent with the statutory standard of "adequate, safe, reliable, efficient, and non-discriminatory electric power service," as defined in Section 6.21(a) of Act 57-2014. The Corporate Affairs budget funds essential functions related to stakeholder engagement, strategic communications, public transparency, and community outreach. These activities are directly tied to Genera's obligations under the LGA OMA, which requires regular and proactive communication with the public, government entities, community leaders, and other stakeholders, particularly in relation to ongoing operations. **Genera Exhibit 28, pages 7-8; Genera Exhibit 281, Accion Discovery Platform.**

220. The Corporate Affairs budget is consistent with prudent utility practice and is not higher than necessary to this concept, as defined by the PREB. The budget has been developed

using a cost-effective approach based on facts reasonably knowable at this time and reflects the specific context and needs of Puerto Rico's electric system. Furthermore, the budget aligns with Genera's obligations under the OMA, which requires regular and proactive communication with the public, government entities, and other stakeholders. Among the activities and services it funds, it supports in meeting contractual performance areas, including reporting obligations and operation cost efficiency, which are relevant to performance metrics. **Genera Exhibit 28, pages 6-7, Accion Discovery Platform.**

### C. Legal and Insurance

221. Kevin Futch is General Counsel for Genera and began working for Genera as General Counsel on October 30, 2023. In that role, he leads the legal, compliance and risk areas, and manages and supervises both the Legal budget (including compliance) and the Insurance budget. Prior to joining Genera, he worked as an attorney at law firms in the U.S., Europe and Asia, and he has appeared as a witness in other regulatory or legal proceedings. **Genera Exhibit 30, page 1, Accion Discovery Platform.**

222. Under the optimal budget scenario, the Legal Department budget is allocated at approximately \$8.9M for FY2026, \$7.5M for FY2027, and \$7.2M for FY2028, while the Insurance budget is allocated at approximately \$49.9M for FY2026, \$55.2M for FY2027, and \$55.4M for FY2028. **Genera Exhibit 30, pages 4-5, Accion Discovery Platform.**

223. Under the constrained budget scenario, the Legal budget is allocated at approximately \$7.9M for FY2026, \$6.8M for FY2027, and \$6.8M for FY2028, and the Insurance budget remains allocated at approximately \$49.9M for FY2026), \$55.2M for FY2027 and \$55.4M for FY2028. **Genera Exhibit 30, page 5, Accion Discovery Platform.**

224. Genera has requested the optimal budget for the Legal Department. **Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

225. Within the Legal Department, the budget covers (1) professional and technical outsourced services, (2) legal services, (3) materials and supplies, and (4) other expenses. These budgeted components support functions that include, among other things, a range of legal work tied to the organization's contracting and operational needs, as well as tools and resources necessary to support the Legal staff and the performance of legal activities. **Genera Exhibit 30, page 5; Genera Exhibits 888 and 1083, Accion Discovery Platform.**

226. Professional and technical outsourced services costs include services and support for contracts, projects, procurement, regulatory, environmental, legislative review and legal research, a vendor settlement, OMA compliance, 3PPO services, general support in corporate matters, compliance, trainings, investigations, and generally legal service activities that are somewhat more controllable and predictable. **Genera Exhibit 30, page 4; Genera Exhibit 228, Accion Discovery Platform.**

227. Under the optimal budget professional and technical outsourced services for the Legal Department has been allocated at approximately \$5.4M for FY2026, \$4.9M for FY2027, and \$4.6M for FY2028, while the constrained budget has been allocated at \$4.7M for FY2026,

\$4.4M for FY2027, and \$4.4M for FY2028. **Genera Exhibit 30, page 5, Accion Discovery Platform.**

228. The Legal Services line item costs include expenses related to general litigation (including contingency), as well as employment and labor matters, such as union negotiation and grievance, all of which management generally views as less controllable and predictable than the activities contemplated in the professional and outsourced services. **Genera Exhibit 30, pages 2-4, Accion Discovery Platform.**

229. The optimal scenario for the Legal Services has been allocated approximately \$2.5M for FY2026, FY2027, and FY2028 and the constrained scenario has been allocated at \$2.25M for FY2026, FY2027, and FY2028, respectively.

230. The Legal Services optimal budget remains flat across FY2026 through FY2028 due to the difficulty of deferring services relating to labor and employment matters or predicting a reduction in litigation probability in the midst of a major capital works and project development program. Legal support in these two areas is understood to remain essential, prudent and resource-intensive, with limited opportunity for reduction due to potential outsized risk for being unprepared. Given this, a flat optimal budget is intended to ensure adequate funding for all core responsibilities without introducing unnecessary variability in annual allocations. **Genera Exhibit 30, page 6-7, Accion Discovery Platform.**

231. For materials and supplies, within the Legal Department's both the optimal and constrained scenarios allocated approximately \$2,000.00 across all three fiscal years. **Genera Exhibit 30, pages 7-8, Accion Discovery Platform.**

232. The optimal scenario for the Other Expenses category within the Legal Department has been allocated approximately \$1.0M for FY2026, \$142.5K for FY2027, and \$137.5K for FY2028. While approximately \$973.1K for FY2026, and \$107.5K for FY2027 and FY2028, respectively has been allocated in the constrained scenario. **Genera Exhibit 30, pages 8-9, Accion Discovery Platform.**

233. The decrease in 'other expenses' for the Legal Department from FY2026 to FY2027 and FY2028 in the optimal budget is primarily due to one-time or front-loaded costs for FY2026. Specifically, FY2026 includes funding associated with a vendor settlement, which is not required in FY2027 or FY2028. Additionally, expenditures for trainings, certifications, and continuing legal education (CLEs) for the Department's small staff would be higher in FY2026 to address foundational and onboarding needs but are reduced in the following years as those initial investments are not repeated. Furthermore, the cost associated with the legal research database is either deferred or eliminated entirely beyond FY2026 due to a shift in resource strategy. **Genera Exhibit 30, page 9, Accion Discovery Platform.**

234. The proposed cost-both in its optimal and constrained forms-would support performance that aligns with this statutory standard, though the *constrained* budget would present challenges if unexpected events occurred. To the extent possible, the budget has been developed to focus on preserving essential legal functions that directly support Genera's operational integrity. Essential legal functions-including services related to contracting, environmental, regulatory,

corporate, employment/labor, litigation and compliance areas, as well as the vendor settlements and 3PPO-related services- permit Genera to fulfill its responsibilities and prudently prepare for and manage risk. They are thus either non-deferrable or difficult to reduce. The budget is intended to ensure that adequate resources are available to meet these obligations, while also including prudent levels of contingency to manage unpredictable legal risk, particularly in litigation, employment, environmental and compliance matters. Where possible, costs have been reduced or held flat over the three-year period without compromising legal risk management, compliance requirements or mandated costs. The constrained budget, in particular, reflects reduced contingency and flexibility to adapt to new risk and developments. **Genera Exhibit 30, pages 10-11, Accion Discovery Platform.**

235. Maintaining essential legal functions—including services related to contracting, environmental, regulatory, corporate, employment/labor, litigation and compliance areas, as well as vendor settlements and 3PPO-related services—enables Genera to fulfill its responsibilities and to prudently prepare for and manage risk. **Genera Exhibit 30, pages 12-13, Accion Discovery Platform.**

236. The proposed Legal budget cost is no higher than the level required by prudent utility practice, and that it was developed through evaluation of legal obligations, risk exposure, and operational needs (including certain non-discretionary requirements). **Genera Exhibit 30, page 13, Accion Discovery Platform.**

237. In addition, Genera’s legal team has cut its budget significantly since 2023 and continues to pursue cost efficiencies, including greater use of high-quality local firms, training internal staff and moving legal functions in-house, making use of federal funds where appropriate, and automating certain aspects of legal work (including through contract AI). **Genera Exhibit 30, page 13, Accion Discovery Platform.**

238. The proposed Legal budgets across the three fiscal years would be sufficient to enable Genera to achieve relevant performance metrics while prudently managing the most likely risks. **Genera Exhibit 30, page 14, Accion Discovery Platform.**

239. The proposed costs would be consistent with the approved IRP and its Modified Action Plan, and that the Legal Department’s budget supports project, compliance, permitting, and regulatory functions needed for IRP execution, including enabling unit retirements, conversions, and integration of new resources such as battery energy storage and additional peaking capacity. **Genera Exhibit 30, page 14, Accion Discovery Platform.**

240. As to Insurance, Genera requires a budget that encompasses (1) business travel expenses and (2) property and casualty insurance related costs, including Genera’s allocation of PREPA’s combined insurance program shared among LUMA, Genera and PREPA, Genera’s independent policies, self-insured retention, service agreements supporting the insurance program, and insurance/bond-related broker fees. **Genera Exhibit 30, page 14, Accion Discovery Platform.**

241. Transportation/business travel costs in the Insurance budget encompass travel-related expenses associated with the annual Insurance Roadshow for PREPA’s combined policies.

This includes airfare, lodging, and meals for staff participants attending scheduled meetings with insurers and underwriters abroad. These trips are an essential part of the insurance procurement process, enabling direct engagement with the global insurance market to secure and maintain competitive coverage for the utility. **Genera Exhibit 30, page 13, Accion Discovery Platform.**

242. Both the constrained and optimal budgets are the same for travel business expenses within the Insurance budget and has been allocated at approximately \$20,000.00 for FY2026, FY2027, and FY2028. **Genera Exhibit 30, page 14, Accion Discovery Platform.**

243. The travel costs are tied to the Roadshow, which have been an important factor in reducing insurance premiums over the last year. **Genera Exhibit 30, page 14, Accion Discovery Platform.**

244. Property and casualty insurance costs are related to necessary support for Genera's insurance requirements, including covering certain insurance policies for PREPA, per the OMA. For PREPA's combined policies, the costs relate to Genera's cost allocation of coverages shared among PREPA, Genera and LUMA, such as property, boiler & machinery, CGL, and BI. The Genera independent policies include policies such as auto, the business travel policy, pollution, fiduciary liability, directors and officer, E&O, cybersecurity, employment practice liability, cargo, builders risk, among insurance requirements. The OMA contemplates a self-insured retention for certain of the policies above, which, to the best of my understanding, the budget includes. Certain insurance and emergency related activities require service agreements, such as a risk management contractor, damage assessor and asset valuation, and broker or other fees in connection with certain Genera independent policies and bonding activities are, to the best of my knowledge, included as well. **Genera Exhibit 30, page 13; Genera Exhibit 216, Accion Discovery Platform.**

245. Both the optimal and constrained scenarios for the Insurance budget are the same and is allocated approximately \$49.9M for FY2026, \$55.2M for FY2027, and \$55.4M for FY2028. **Genera Exhibit 30, page 15, Accion Discovery Platform.**

246. The amount for Insurance remains the same between the optimal and constrained budgets across the three-year period primarily because the vast majority of the costs reflect contractual and non-discretionary obligations that mitigate and are affected by risk beyond Genera's control. Pursuant to the LGA OMA, Genera is required to maintain, for the benefit of itself and the Owner (PREPA), several insurance policies with adequate risk coverage, as well as any additional coverage required by prudent industry practice. These obligations would be the same in either scenario. The few discretionary items in the budget are directly related to overall cost reduction efforts (e.g., roadshow, asset valuation) or ensuring effectiveness of policies procured (e.g., risk manager and damage assessor) and therefore viewed as imprudent to eliminate. As such, both the optimal and constrained budgets account for prudent and adequate coverage and preserve full insurance funding to ensure continued contractual compliance, financial protection, and operational resilience. **Genera Exhibit 30, page 15; Genera Exhibit 888, Accion Discovery Platform.**

247. The incremental costs in the Insurance budget across the three-year period in the optimal scenario are driven by projected increases in both coverage needs and market pricing. These costs factor in anticipated inflation, potential expansion of policy coverage, an increase in

policy limits for new battery energy storage and peaker project assets, and the assumed addition of new policies such as cybersecurity insurance and a broader builder's risk program. Higher expected claims activity—particularly in employment practices liability—and the inclusion of occasional emergency cargo coverage also contributes to the increase as company activities accelerate through a growing capital works phase. Additionally, the budget reflects contingency planning for self-insured retention under the OMA and allows for potential enhancements to legacy PREPA insurance programs, especially in the property (natural catastrophe) layers, to strengthen coverage in response to impactful natural disasters such as Hurricane Fiona. **Genera Exhibit 30, page 16, Accion Discovery Platform.**

248. The proposed Insurance budget, in both the optimal and constrained scenarios, would be necessary to produce performance consistent with the statutory standard of providing adequate, safe, reliable, efficient, and nondiscriminatory electric power service. The Insurance budget managed by my department includes essential components such as broker fees, premiums for Genera and PREPA insurance policies, self-insured retention reserves under the LGA OMA, and costs related to insurance-related travel. These coverages—such as cyber liability, property, general liability, business interruption, and employment practices liability—are critical to protecting the utility's physical assets, workforce, and financial stability, and ensuring Genera itself operates in a prudent manner. The proposed Insurance budget directly supports the conditions required to meet the statutory standards. **Genera Exhibit 30, page 17, Accion Discovery Platform.**

249. The proposed Insurance budget would be no higher than the level required by prudent utility practice, recognizing that PREPA's combined insurance costs have historically been significantly higher than other utility's and that it has limited alternatives in its current fiscal situation. Genera has taken and will continue to take steps to mitigate insurance cost increases, such as negotiating premiums and broker fees, identifying synergies in coverages, altering program structures (e.g., the use of parametrics) and improving communication with markets on asset conditions and maintenance programs, while maintaining sufficiently robust coverage under market conditions. The budget reflects a careful and risk-informed allocation of funds, in light of historic costs, to maintain essential insurance coverage for Genera and PREPA assets, comply with contractual obligations under the OMA, and ensure financial protection against known and emerging risks. **Genera Exhibit 30, pages 17-18, Accion Discovery Platform.**

250. The LGA OMA requires that Genera maintain in effect certain insurance policies and limits of coverage. **PC Exhibit 952, page 105, Accion Discovery Platform.**

251. Under the LGA OMA, Genera is required to maintain several insurance policies with adequate risk coverage, as well as any additional coverage required by prudent industry practice. **Genera Exhibit 30, page 17, Accion Discovery Platform.**

252. The proposed Legal and Insurance budgets for Fiscal Years 2026 through 2028 have been developed in accordance with prudent utility practice and the requirements of the LGA OMA, to ensure the provision of adequate, safe, reliable, efficient, and nondiscriminatory electric power service for Puerto Rico. The Genera Legal and Insurance teams have successfully carried out, and will continue to carry out, cost reduction efforts that mitigate Genera's growing portfolio of projects and inflationary trends, while also maintaining reasonable contingency to address risk events Genera views as probable. The resultant budgets reflect a deliberate and risk-informed

approach by Genera-the sole operator and administrator of the Legacy Generation Assets-to maintain the essential legal and insurance functions that directly support the utility's operational integrity, regulatory compliance, and financial resilience. The Legal budget has been gradually reduced across the three-year period in both the optimal and constrained scenarios, while ensuring continuity in legal services without unnecessary cost escalation. It includes support for non-deferrable obligations such as regulatory compliance, labor and employment matters-including anticipated union grievances following collective bargaining-environmental permitting tied to new infrastructure development, and the administration of mandatory settlements and compliance mechanisms. In the constrained case, core legal functions are preserved to mitigate operational and legal risk, but the legal department would have less contingency available to adapt to changing circumstances and risks. The Insurance budget covers the requirements under the OMA, including property, commercial general liability, boiler and machinery, cyber, and business interruption coverage, among other policies. It also provides for self-insured retention obligations-as stipulated in the OMA-as well as inflationary increases in premiums and coverage enhancements and expansions required by evolving operational risks. The ancillary costs are necessary components of this budget, enabling the company to maintain competitive market access and secure favorable terms from global insurers, and to ensure effectiveness of the policies as needed. The proposed budgets are calibrated to support performance expectations established by the Energy Bureau. They enable legal and risk-related functions that are vital to the implementation of unit retirements, integration of new resources such as the BESS and peaker programs, and safeguarding assets during system transitions. Taken together, these budgets provide the legal and insurance foundation needed to ensure compliance, continuity, and accountability during the current critical planning and operational period. As such, to the best of my understanding, the proposed costs are reasonable and directly aligned with contractual and regulatory obligations. **Genera Exhibit 30, pages 18-20, Accion Discovery Platform.**

#### D. IT/OT

253. Héctor Vázquez Figueroa is the CIO/ Head of IT and OT Team at Genera, having Established an IT/OT Team of professionals to manage the Generation Fleet, including having established and executed a separation strategy to acquire instances of ERP & EAM solutions from the existing T&D Operator (LUMA), Established a secure IT/OT Cybersecurity infrastructure, and strategy to separate existing IT/OT networks and end points, and having responsibility to establish, manage, review, and submit CAPEX and OPEX budgets internally and to the T&D Operator and defend these before the existing regulating entity (PREB) for approval and execution. **Genera Exhibit 26.1, pages 1-2, Accion Discovery Platform.**

254. Mr. Vazquez's prior experience includes WIT Systems, Mayaguez, as President & CTO/ IT Consultant, as Founder of consulting and Information Technology services provider, including work in Energy: (EcoElectrica LP) and IT Security implementations, risk assessments, and all employee training using NERC & DHS Standards. **Genera Exhibit 26.1, pages 2-3, Accion Discovery Platform.**

255. Mr. Vázquez also served as Vice-President/ CIO at Banco Popular/ Evertec, San Juan, PR Apr. 2010 – Oct. 2010, including as Liaison for former Westernbank IT Resources for all information technology and data conversion and Liaison for FDIC data transmission and reporting to regulatory agency, and previously at Westernbank Puerto Rico as Vice-President/ CIO - 2001-2010, where he Managed multi-million-dollar Enterprise-Wide IT related operating expenses and

capital budgets and Reviewed and Complied with all FDIC, FRB, CIF, and External & Internal System Audits. **Genera Exhibit 26.1, page 3, Accion Discovery Platform.**

256. Genera has not yet incurred a full year of historical budget execution in the IT/OT Department, largely due to the extended offering of shared services provided by LUMA until March 2025. Following the phase-out of those services, Genera constructed its IT/OT budget estimates based on feedback and details provided by LUMA and PREPA regarding existing and incurred expense participations. The methodology applied to develop the three-year extended forecast combined a bottom-up approach for certain items—considering anticipated consumption, licensing, and equipment replacement cycles—along with assumed annual price escalation factors. The forecasts also reflect known incurred expenses and contracts currently in place, ensuring that the estimates align with ongoing operational needs, including professional services, licensing, and hardware/software maintenance obligations. **Genera Exhibit 210, Accion Discovery Platform**

257. Mr. Vázquez oversees the CAPEX/Investments and Operations Budget directly connected to the IT/OT Department. These include specific IT/OT-related projects such as ERP upgrades and EAM upgrades. As well as the areas involving hardware updates, including computer replacements, infrastructure support hardware—such as UPS systems and battery banks—network and telecom hardware, server upgrades, and all IT/OT software license expenses for products currently used by end-users, including Microsoft Cloud services for Office 365 and Azure Infrastructure, Oracle Cloud Services for Oracle Fusion Cloud (“ERP”), and Hitachi Asset Suite 9 (“EAM”), among others. **Genera Exhibit 26, pages 2-3, Accion Discovery Platform.**

258. Mr. Vázquez testimony presents and supports, Genera’s optimal and constrained budget related to the IT/OT. The costs allocated to IT/OT in Genera’s budget are, reasonable and prudently incurred to withstand both existing and future Genera commitments. **Genera Exhibit 26, page 1, Accion Discovery Platform.**

259. Genera has no Shared Services Agreements in effect. Genera’s shared services ended as of March 1, 2025. **Genera Exhibit 26, page 3, Accion Discovery Platform.**

260. Genera is proposing the constrained scenario for its CAPEX/Investments budget and for the Operations Budget it is proposing the constrained budget for FY2026, totaling approximately \$12.4M and the optimal budget totaling \$15.3M for FY2027 and \$16.2M FY2028. **Annex 5, Changes on Genera’s Filing Schedule as filed on January 9, 2026 by LUMA as part of “Motion Submitting Revised Revenue Requirement”; Genera Exhibits 208 and 209, Accion Discovery Platform.**

261. The IT/OT Operations budget breaks down in the following main categories of non-labor costs: (1) Professional Services, (2) Materials and Supplies (IT equipment and supplies), (3) Travel and Expenses, (4) Utilities and Rent, (5) Other Expenses (license expenditures). **Genera Exhibit 26, page 4; Genera Exhibit 209, Accion Discovery Platform.**

262. The professional services category within the Operations budget consists of expenditures for contracting and outsourcing SME support required to manage and maintain Genera’s core IT/OT platforms and operations. The budgeted amounts for Professional Services are \$5.6M for FY2026 in the constrained scenario and \$6.6M for FY2027, and \$7.0M for FY2028

in the optimal scenario. **Genera Exhibit 879, page 2; Genera Exhibit 209, Accion Discovery Platform.**

263. The Materials and Supplies (IT equipment and supplies) category of expenditures within the Operations budget relates to IT equipment and under the constrained scenario the budgeted amounts are \$235K for FY2026, \$245K for FY2027 and \$260K for FY2028 in the optimal scenario. **Genera Exhibit 209, Accion Discovery Platform.**

264. The Travel and Expenses category of expenses within the Operations budget of the IT/OT department is allocated as \$25K for FY2026 under the constrained scenario and \$45K for FY2027 and \$45K for FY2028 in the optimal scenario. **Genera Exhibit 209, Accion Discovery Platform.**

265. The Utilities and Rent category of expenses within the Operations budget of the IT/OT Department includes telecom and data services and is allocated at and under the constrained scenario are allocated as \$464.5K for FY2026 in the constrained scenario and, \$510.225K for FY2027 and \$548.9K for FY2028 in the optimal scenario. **Genera Exhibit 209, Accion Discovery Platform.** The Other Expenses category consists of license expenditures which is allocated at \$6.06M for FY2026 in the constrained scenario and \$7.9M for FY2027 and \$8.4M for FY2028 in the optimal scenario. **Genera Exhibit 879, page 3; Genera Exhibit 209, Accion Discovery Platform.**

266. Genera's IT/OT expenses are grouped into five main non-labor categories: Professional Services, License Expenditures (Other), Materials & Supplies, Travel Expenses, and Telecom & Data Services (Utilities & Rent). For each category, Genera considered the following alternatives: a. Professional Services – Options included outsourcing versus utilizing inhouse personnel and evaluating multiple vendors or software solutions. These alternatives were assessed based on cost, quality, and the ability to meet operational and technical requirements. b. License Expenditures (Other) – Different licensing plans and software delivery models (e.g., SaaS vs. perpetual licenses) were evaluated to optimize cost, compliance, and operational efficiency. c. Materials & Supplies – Genera considered leasing versus purchasing IT equipment, as well as comparing multiple brands and vendors, to ensure compatibility with existing systems and cost-effectiveness. d. Travel Expenses – Alternatives included virtual meetings versus in person travel and the consolidation of necessary trips to reduce costs while maintaining operational oversight and training requirements. e. Telecom & Data Services (Utilities & Rent) – Options such as consolidating IT spaces and optimizing utility and telecom contracts were analyzed to manage costs and ensure adequate network and system capacity. Deferring any of these IT/OT expenses could impact Genera's operational reliability and efficiency. For example: delaying professional services or license updates may increase downtime or compliance risk; postponing hardware or materials could slow operations or create compatibility issues; limiting travel may reduce oversight and staff readiness; and deferring telecom or utility upgrades could constrain system capacity or network reliability. In general, deferral could lead to increased future costs and operational risks. The methodology applied to develop the three-year extended forecast combined a bottom-up approach for certain items— considering anticipated consumption, licensing, and equipment replacement cycles—along with assumed annual price escalation factors. The forecasts also reflect known incurred expenses and contracts currently in place, ensuring that the estimates align with

ongoing operational needs, including professional services, licensing, and hardware/software maintenance obligations. **Genera Exhibit 211, Accion Discovery Platform.**

267. The constrained CAPS budget for the IT/OT Projects and hardware updates is approximately \$6M for FY 2026, \$10.5M for FY 2027 and \$17M for FY 2028. These are the IT/OT projects and expenses contained within the NME budget **Genera Exhibit 26, page 5; Genera Exhibits 212 and 205, Accion Discovery Platform.**

268. Genera conducted a detailed evaluation of alternatives for each CAPS IT/OT expense to ensure the reliability, efficiency, regulatory compliance, and cybersecurity of its generation fleet. After careful consideration, Genera selected a comprehensive modernization strategy that addresses these operational and regulatory requirements while mitigating the risks associated with deferring these initiatives, including the targeted outsourcing of SMEs for ERP/EAM systems and cloud infrastructure support. **Genera Exhibit 214, Accion Discovery Platform.**

269. The IT/OT investment cost estimates reflected in the CAPS budget are gross approximations prepared by Genera's IT/OT Management Team based on their professional judgment and experience with similar projects in the utility sector. These estimates also incorporate vendor input and general market feedback regarding comparable IT/OT investments, providing indicative ranges of expected costs that, together with internal expertise, form the basis for a prudent and reasonable estimate. **Genera Exhibits 213 and 206, Accion Discovery Platform.**

270. There is no overlap between the IT/OT expenses reflected in the Projects budget and those presented in the IT/OT or CAPS budgets in Exhibit 26, because certain projects—although labeled under NME—are IT/OT initiatives that directly support or impact NME projects at individual Generation sites. There is only one individual project labeled as IT/OT PI System Updates (\$7.5M) for updates to historian metering systems that will be lead by the IT/OT PMO Group which is not currently included in the list of IT/OT Projects that are lead by our Team. **Genera Exhibits 205 and 207, Accion Discovery Platform.**

271. In evaluating the effectiveness of IT/OT investments in supporting generation adequacy and optimization, project metrics are determined based on the specific objectives and operational impacts of each initiative. Some projects may not have a direct effect on generation adequacy or optimization, while others have a measurable correlation. Examples of projects with a direct impact include Fuel Mass Balance Efficiency, which monitors and optimizes fuel consumption, and AI Digitization & Analytics, which enhances reliability and availability by predicting and preventing outages. Other IT/OT initiatives improve ITSM performance, such as increasing system availability and reducing downtime, which indirectly support generation adequacy and optimization by improving the efficiency and reliability of the systems and processes that support generation operation. **Genera Exhibit 332, Accion Discovery Platform.**

272. Genera has decided to outsource the professional services support of SME for its newly acquired core application instances of its ERP (Oracle Cloud Fusion) and EAM (Asset Suite). It is also outsourcing the support of its Cloud based Infrastructure currently in Microsoft Azure Cloud Services for both core applications. **Genera Exhibit 26, page 5, Accion Discovery Platform.**

273. In establishing the proposed Constrained Budget for the IT/OT Departments for FY2026 through FY2028, several projects from the Optimal Budget were deferred. Investments in OT DCS upgrades, EMP hardening, NERC compliance, and OPGW upgrades were suspended beyond the current three-year rate case period. Additionally, cost reductions were primarily achieved by limiting the resources and efforts dedicated to stakeholder requests aimed at increasing operational efficiency and achieving business-directed outcomes. The Constrained Budget instead focuses on maintaining day-to-day operations with limited enhancements to the existing systems, which may have an unfavorable impact on results and cause further delays in the implementation of needed improvements. **Genera Exhibit 26, pages 6-7, Accion Discovery Platform.**

274. The proposed costs related to the IT/OT department are necessary to ensure performance that meets the legal standard of providing adequate, safe, reliable, efficient, and nondiscriminatory electric power service, and —to the best of my knowledge—as required by Act 57-2014. **Genera Exhibit 26, page 7, Accion Discovery Platform.**

275. The IT/OT investments included in the proposed budget support critical systems and capabilities that are fundamental to modern electric utility operations. These include: (a) Cybersecurity infrastructure to safeguard operational technology (OT) and information systems from cyber threats, ensuring system integrity and secure power delivery; (b) SCADA/DCS and EMS, essential for maintaining real-time situational awareness and grid/asset reliability; (c) IT support for end user platforms, and maintenance management tools, which contribute to service adequacy, and efficiency in service interactions; (d) data management and analysis to optimize asset performance, reduce outages and improve preventive maintenance strategies; (e) compliance and reporting systems that help meet regulatory obligations in areas such as environmental standards, interconnection rules and quality of service metrics. **Genera Exhibit 26, pages 7-8, Accion Discovery Platform.**

276. Without these IT/OT investments, Genera’s ability to maintain system security, respond to events, and serve all customers equitably and efficiently would be compromised. These costs are not discretionary enhancements; they are foundational to delivering the level of service required by law and both expected by both customers and regulatory bodies. **Genera Exhibit 26, page 8, Accion Discovery Platform.**

277. The Optimal Budget would allow Genera to meet or exceed the enhancements and updates required for its core systems, including ERP and EAM upgrade. Conversely, the Constrained Budget would delay the implementation of certain initiatives. **Genera Exhibit 26, page 6, Accion Discovery Platform.**

278. Genera’s proposed costs related to the IT/OT Department are no higher than the level required by prudent utility practice. Genera has prepared its IT/OT budget based on industry benchmarks, regulatory expectations, and best practices consistent with prudent utility operations. The proposed expenditures are aligned with: (i) current and emerging cybersecurity standards to protect critical infrastructure, as required by prudent risk management; (ii) modernization needs to replace aging and unsupported systems which ensures continued reliability, supportability, and compliance; (iii) scalability and interoperability goals, enabling Genera to efficiently integrate new technologies, distributed energy resources, and future regulatory requirements; and (iv) benchmarking against peer utilities in the mainland USA with similar generation profiles and

systems complexity, to ensure cost competitiveness and value. **Genera Exhibit 26, page 8, Accion Discovery Platform.**

279. The proposed costs are sufficient to enable Genera to achieve the relevant KPIs related to: (a) System reliability; (b) Operational efficiency (c) Customer service quality (d) Cybersecurity and system integrity (e) Regulatory compliance and reporting. **Genera Exhibit 26, page 9, Accion Discovery Platform.**

280. All proposed costs related to IT/OT projects in the budget are consistent with the approved IRP and its implementation timeline. **Genera Exhibit 26, page 9, Accion Discovery Platform.**

281. The planned expenditures associated with the renewal of UPS systems, battery banks, and related infrastructure components are included within the IT/OT Hardware Updates portion of the CAPEX budget. These costs fall under the line item internally referred to as “Infrastructure Support Hardware (UPS, Battery Banks, Racks, etc.)”, which captures infrastructure support and lifecycle investments for the IT/OT environment. The amounts attributed to this category are consistent under both the constrained and optimal budget scenarios, with differences reflected only in the timing of implementation rather than the total planned investment. **Genera Exhibit 977 LFE, Accion Discovery Platform.**

#### **E. Finance, Warehouse and Procurement**

282. For the Finance Department, Genera is seeking the optimal budget which is allocated as: \$1,581,880M for FY2026, FY2027, and FY2028. Of which \$10k are for transportation, per diem and mileage, \$1,070,930.00 are for professional and technical services, and \$500K are for audit services. See **Genera's Filing Schedule, as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement"**; **Genera Exhibit 22.03 Tab A1, Column B.11, PC Exhibit 22.06B; PC-of-LUMA-FIN-3, Genera Exhibit 255, Accion Discovery Platform.**

283. The Warehouse budget is both the same for the optimal and constrained scenarios which accounts for approximately FY2026 FY2027 and FY2028: \$164.1K each year, The \$7.2M of obsolete materials originally requested for FY2026 was eliminated. **Genera Exhibit 22.03, Tab A1, column B.18; See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement", as well as column B.18 of Final Genera's filing schedule.**

284. For the Procurement budget Genera is seeking the optimal scenario which accounts for approximately \$68.9K for FY2026, FY2027, and FY2028 of which \$3,890 are for materials and supplies, \$15K for transportation and mileage and \$50K for professional and technical services. **Genera Exhibit 22 and Exhibit 22.03, Tab A1, column B.10, Accion Discovery Platform.**

#### **F. Regulatory, Environmental, Emergency Response and Safety**

285. Ricardo Palléns Cruz is an Administrative Management Professional with 10+ years' experience in project management, federal grants, implementing efficient internal processes, supervising employees, and establishing public policies, Lawyer & Notary and a FINRA Certified

Active Arbitrator, with Significant experience addressing FEMA's policy and procedures regarding current law and regulations. His senior roles include serving as "Vice-President for Environmental, Health, Safety, Emergency & Regulatory" at Genera. **Genera Exhibit 29.1, page 1, Accion Discovery Platform.**

286. Mr. Pallens previously served as Senior Project Recovery Manager & Subject Matter Expert at DCMC, LLC and was part of a team that got more than \$539 million approved by FEMA in less than a month. He also worked as Closeout Area Director / Project Manager" at ICF International, Inc. & COR3, including work to "timely submit closeout packages of 10,000 recovery projects to FEMA" **Genera Exhibit 29, page 3, Accion Discovery Platform.**

287. Mr. Pallens served with the Puerto Rico Environmental Quality Board as a Board of Governor - Associate Member & Acting Manager for Land Pollution Control Division. **Genera Exhibit 29.1, page 3, Accion Discovery Platform.**

288. As Vice-President EEHS & Regulatory of Genera, Mr. Pallens is responsible for leading and managing the Environmental Permits and Compliance team, the Regulatory team, the Emergency Preparedness and Response group as well as the health and occupational safety area, for a total of approximately forty-five (45) employees. **Genera Exhibit 29, pages 2-3, Accion Discovery Platform.**

289. Mr. Pallens Cruz manages and supervises (1) the Environmental budget, (2) the Regulatory budget, (3) the Emergency Response budget, and (4) the Safety budget. **Genera Exhibit 29, page 3, Accion Discovery Platform.**

290. These budgets are necessary to meet monitoring and reporting requirements from the EPA and DNER, are needed to pay for Consent Decree stipulated penalties, negotiate a new consent decree with EPA and comply with the Energy Bureau's reports and requests for information, obtain contract authorizations from FOMB, LGA OMA responsibilities for emergency preparedness, and OSHA requirements. **Genera Exhibit 29, page 2, Accion Discovery Platform.**

291. For the optimal budget scenario, the following costs have been allocated: Environmental "\$10.8M for FY2026; and \$11.1M for FY2027 and FY2028"; Regulatory "\$365,000.00 for FY2026, FY2027 and FY2028; Emergency Response :\$117,000 for FY2026, FY2027 and FY2028; Safety \$1.5M for FY2026, FY2027 and FY2028; **Genera Exhibit 29, page 4, Accion Discovery Platform.**

292. For the constrained budget scenario the following costs have been allocated: Environmental "\$9.8M for FY2026, \$9.9M for FY2027, \$9.8M for FY2028"; Regulatory "\$365,000.00 for FY2026, \$340,000.00 for FY2027, \$315,000.00 for FY2028"; Emergency Response "\$75,000.00 for FY2026, FY2027 and FY2028; Safety; \$1.5M for FY2026, FY2027 and FY2028; **Genera Exhibit 29, page 4, Accion Discovery Platform.**

293. Genera is proposing the optimal budget for Environmental :\$10.8M for FY2026; and \$11.1M for FY2027 and FY2028; the constrained budget for Regulatory: \$365,000.00 for FY2026, \$340,000.00 for FY2027, \$315,000.00 for FY2028; the optimal budget for Emergency Response; \$117,000 for FY2026, FY2027 and FY2028; and the constrained budget for Safety

\$1.6M for FY2026, FY2027 and FY2028. **See Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

294. The Environmental Department requires a budget that encompasses (1) professional and technical outsourced services; (2) materials and supplies; (3) regulation and environmental inspection and consent decree stipulated penalties, and (4) other expenses, such as trainings. **Genera Exhibit 29, page 5, Accion Discovery Platform.**

295. Professional and technical outsourced services are needed to perform permits compliance processes and activities required under permits conditions and the optimal budget has been allocated approximately \$5.0M for FY2026; \$5.3M for FY2027; and \$5.3M for FY2028. **Genera Exhibit 29, pages 5-6, Accion Discovery Platform.**

296. The materials and supplies are required for fuel laboratory instrumentation equipment; has been allocated approximately \$500,000.00 for FY2026, FY2027, and FY2028, respectively, for materials and supplies. **Genera Exhibit 29, page 5, Accion Discovery Platform.**

297. The regulation and environmental inspection budget is used for waste, spills, and sludge industrial waste disposal costs in accordance with permits requirements. These are also used to cover costs for permit fees from regulatory agencies, consent decree stipulated penalties mandatory payments, environmental trainings regarding emergency spilled controlled materials, environmental testing and samplings; has been allocated approximately \$5.2M for FY2026 \$5.2M for FY2027; and \$5.2M for FY2028. The budget is the same in both the constrained and optimal scenarios because the regulatory and environmental inspections are mandatory. Not performing these inspections will pose Genera and PREPA in risk of fines and stipulated penalties under the Consent Decree. In case of recurring non-compliance, EPA may ask order to shut-down units, which will signify lack of generation capacity. **Genera Exhibit 29, page 8, Accion Discovery Platform.**

298. The other expenses budget encompasses constant training required by the existing Consent Decree and to pay for deviations and NOV's, to which the PREPA is subject to. The Consent Decree is a legally binding agreement signed in 1999 between the EPA, the DOJ, PREPA, that outlines steps to be taken to correct environmental violations. This agreement was extended in 2004. It is important to note that the Consent Decree also stipulates fines which will be covered under the regulation and environmental inspection budget. Genera is currently in negotiations with EPA to try to sign a new and more lenient Consent Decree. The optimal budget proposed for the other expenses budget is \$100,000.00 for FY2026, FY2027, and FY2028, respectively. **Genera Exhibit 29, page 5, Accion Discovery Platform.**

299. The optimal budget will allow Genera to provide additional training for more staff. Genera PR may even consider providing training to operators and maintenance supervisors. Doing so will reduce risk of Notice of Violations and equipment failure. However, if a constraint budget is approved, Genera will focus on providing as much training as possible to the environmental team and "train the trainer" strategy in the first year. For the subsequent two years the focus on required trainings refreshes. **Genera Exhibit 29, page 9, Accion Discovery Platform.**

300. The proposed budget for Environmental Department is consistent with the statutory standard—"adequate, safe, reliable, efficient, and nondiscriminatory electric power service" essential to perform within statutory and regulatory standards, especially considering that PREPA owned equipment that was designed and entered in service more than sixty (60) years ago when environmental standards were more lenient. Presently, Genera needs to comply with stricter standards and follow the rules set forth in the Consent Decree, subject to fines and civil lawsuits for potential environmental damages. **Genera Exhibit 29, page 10, Accion Discovery Platform.**

301. The proposed budget is no higher than the level required by prudent utility practice. Genera needs to follow dispositions under Consent Decree, new environmental rules and guidelines, and the LGA OMA. This budget was prepared to adhere to the minimum required performance in compliance. **Genera Exhibit 29, page 10, Accion Discovery Platform.**

302. The Environmental budget was prepared to adhere to the minimum required to perform in compliance. While it would be desirable to have a larger budget to improve and operate under more strict standards, Genera understands the importance of finding a balance between compliance and cost impact for ratepayers, thus the budget as proposed is intended to preserve key functions to meet metrics related to compliance with federal and local environmental policies, the Consent Decree and LGA OMA, and related policy goals established by the Energy Bureau. **Genera Exhibit 29, page 9, Accion Discovery Platform.**

303. The proposed cost consistent with the approved IRP and its implementation timeline because Genera is operating all units to provide generation to supply current demand. At this moment, Genera is having difficulties to obtain approval for decommissioning of units due to generation demand. Nonetheless, as currently proposed, the budget scenarios would allow for continued improvement and execution of actions plans related to decommissioning, unit retirements, conversions, and the integration of new resources. **Genera Exhibit 29, pages 10-11; Genera Exhibit 903.1, Accion Discovery Platform.**

304. The Regulatory Department requires a budget for (1) transportation, per diem and mileage and (2) professional and technical outsourced services. (1) Transportation, per diem and mileage would costs for traveling to meetings with EPA, DOE, DOJ and other regulatory stakeholders. These are necessary for trainings not offered locally. (2) Professional and technical outsourced services would cover costs for professional firms or advisors to comply with requirements by the PREB, the FOMB, the legislative branch, matters with LUMA, and to support legal department in matters from the P3A and PREPA. Genera has proposed the constrained scenario. **Genera Exhibit 29, page 11, Accion Discovery Platform.**

305. The transportation, per diem and mileage portion of the Regulatory Department has been allocated approximately \$15,000.00 for FY2026, FY2027, and FY2028, respectively. It is the same in both the constrained and optimal scenarios. **Genera Exhibit 29, Accion Discovery Platform.**

306. The proposed budget was adjusted already to the minimum needed to satisfy this need. Also, given that it is already a small budget item-and that these transportation needs are necessary for the regulatory team to attend meetings with local and federal regulators, and other

stakeholders-constraining this small budget item would not impact cost of service. **Genera Exhibit 29, pages 11-12, Accion Discovery Platform.**

307. The professional and technical outsourced services for the Regulatory budget in the constrained scenario has been allocated approximately \$350,000.00 for FY2026; \$325,000.00 for FY2027, and \$300,000.00 for FY2028. **Genera Exhibit 29, page 12; Genera Exhibit 335, Accion Discovery Platform.**

308. The decrease in budget across the rate period assumes a potential completion of regulatory processes and federal projects. However, the need for these professional services may depend on regulatory matters and ongoing requests, thus it assumes a reasonable decrease that would not pose a risk to Genera's regulatory compliance obligations. **Genera Exhibit 29, page 12, Accion Discovery Platform.**

309. All costs included in the Regulatory budget consistent with the statutory standard—"adequate, safe, reliable, efficient, and nondiscriminatory electric power service" and are strictly necessary to comply with Genera's contractual obligations under LGA OMA, regulatory matters with PREB, PREPA and other government entities. Thus, to the extent of my knowledge, complying with the above translates into performing all the activities included in the proposed budget in conformity with the statutory standard. **Genera Exhibit 29, page 13; Genera Exhibit 289, Accion Discovery Platform.**

310. The proposed costs for regulatory would reflect overall prudent utility practice. Genera's Regulatory division consists of a relatively small team and operates with a small budget when compared to Genera's budget as a whole. The small staff number for regulatory affairs and compliance, and the relatively small and stable proposed budgets, translates into prudent and conservative practice in terms of the expenses they represent. **Genera Exhibit 29, page 13, Accion Discovery Platform.**

311. Assuming all reasonably known facts, the proposed costs would be the minimal to achieve the relevant performance metrics established by the OMA, the PREB and applicable regulations. However, Genera reasonably assumes that it may need more members in its Regulatory team to comply with all contractual and regulatory obligations and properly respond to any ongoing and upcoming case or request from the PREB. However, we proposed the budget presented herein to affect to the minimum our ratepayers. **Genera Exhibit 29, page 14, Accion Discovery Platform.**

312. The proposed Regulatory budget considers precisely Genera's responsibility to participate and provide input for the new Integrated Resource Plan. As such, the Regulatory budget ensures adequate funding for complying with and execute the current IRP. **Genera Exhibit 29, page 14, Accion Discovery Platform.**

313. The Emergency Response Department required, as of this date, a budget solely for professional and technical outsourced services to cover monthly costs of alternate emergency operating center in case Genera's Headquarters suffer damages due to atmospheric events or human caused issues such as sabotage or protests. Also, pre- positioned contracts are in place to provide incident command services and staff, as needed. Finally, this budget item also includes emergency

response preparation training and costs associated with the annual revision of the Emergency Response and Action Plan required by LGA OMA and PREB. **Genera Exhibit 29, pages 14-15, Accion Discovery Platform.**

314. The optimal scenario is being proposed for the Emergency Response budget. This has been allocated approximately \$117,000.00 for FY2026, FY2027, and FY2028 for professional and technical outsourced services. **Genera Exhibit 29, page 15, Accion Discovery Platform.**

315. In the constrained budget, Genera will be taking the risk of not having an alternate emergency operating center. However, if this is the case, headquarters operations continuance during an event may be affected. **Genera Exhibit 29, page 15, Accion Discovery Platform.**

316. Besides training and alternate Emergency Operation Center, the costs associated to the Emergency Response budget will be incurred only in case of emergency or disaster. Moreover, consultant services are contingent contracts that will not represent costs, unless contract is activated, and hours are used. Taken the above into consideration, Genera is inclined for the optimal budget, considering that emergency response is of utmost importance given the unique characteristics of Puerto Rico's location (subject to hurricanes and tropical storms, seismic activity and accelerated corrosion) and the electric system's current condition. While the constrained budget presented falls within the mandated definition, it may represent a risk of not having the necessary resources to respond to a catastrophic natural disaster of major dimensions. **Genera Exhibit 29, page 15, Accion Discovery Platform; Hearing Transcript, December 5, 2025, page 88.**

317. The Emergency Response budget proposed is necessary to produce performance consistent with the statutory standard "adequate, safe, reliable, efficient and non-discriminatory electric power service" given that the budget is contingent to the needs in case of a catastrophic event as being able to continue operating in case of an event is definitely necessary and consistent with the statutory standard. Particularly as it relates to the safe and reliable electric service. **Genera Exhibit 29, page 16; Genera Exhibits 285 and 286, Accion Discovery Platform.**

318. Genera is required under the LGA OMA and the Energy Bureau directives to have a current and updated Emergency Response and Action Plan (ERAP). These costs are necessary to comply with said contractual requirements as well as OMA-stipulated performance metrics evaluations regarding safety compliance. Taking the latter into account, the proposed budgets would be necessary and sufficient to achieve these tasks and associated safety metrics. **Genera Exhibit 29, page 16, Accion Discovery Platform.**

319. The Safety budget requires expenses for (1) professional and technical outsourced services and (2) materials and supplies. (1) Professional services are generally needed to pay for required medical exams for workers, and for required trainings under PROSHA and OSHA. (2) Materials and supplies are needed to cover Personal Protection Equipment, first aid required items, and meter devices for health and safety prevention. Genera is seeking the constrained budget for Safety. **Genera Exhibit 29, page 17, Accion Discovery Platform.**

320. For professional services, both the constrained and optimal budget was allocated approximately \$215,000.00 for FY2026, FY2027, and FY2028, respectively. **Genera Exhibit 29, page 18, Accion Discovery Platform.**

321. The Safety budget is the same under the optimal and constrained scenarios as Genera is currently operating under a strict budget. Genera intends to complete the decommissioning of units in the following years, but this will represent substantial demolition work at various sites. Additionally, Genera expects to have substantial increase in construction and repair work at sites that will be suited for installation of BESS and Peakers. As such, noncompliance with OSHA and accidents are risks we cannot afford and reflects the overall reason why these costs were not reduced and both scenarios remained the same. **Genera Exhibit 29, page 18; Genera Exhibits 199, 200 and 461, Accion Discovery Platform.**

322. The Safety budget also remained flat across the rate period because Genera provides trainings usually in group and therefore, regardless of headcount, the cost will be basically the same. For mandatory medical exams, these are mostly performed to staff in the field that are exposed to high risk in the generation plants. As long as the generation plants operate, we are obligated to complete these mandatory medical exams and drug detection testing. Hence, these reflect the need for a constant cost allocation across the three-year period, and also explains why the constrained scenario was not reduced and remained the same as the optimal scenario. **Genera Exhibit 29, page 19, Accion Discovery Platform.**

323. The materials and supplies budget for Safety is the same for both the optimal and constrained scenarios and has been allocated at approximately \$1.3M for FY2026, FY2027, and FY2028, respectively. **Genera Exhibit 29, page 19, Accion Discovery Platform.**

324. It is the same in both budgets because Personal Protection Equipment (PPE) deteriorates for use or expires. Having an adequate supply of functional and unexpired Personal Protection Equipment is necessary to protect Genera employees, which are always at high risk and are essential critical infrastructure staff. Additionally, these costs are necessary to comply with OSHA requirements and prevent fines. Hence, this reflects the compelling need to maintain the budgets intact and explains why both scenarios reflect the same amounts. **Genera Exhibit 29, page 19, Accion Discovery Platform.**

325. The proposed materials and supplies budget for Safety remains flat across the rate period because Genera expects to have substantial increase in construction and repair work at sites that will be suited for installation of BESS and Peakers. As such, noncompliance with OSHA, accidents and not having appropriate Personal Protection Equipment are risks Genera cannot afford and reflects the overall reason why these costs remained flat across the three-year period. **Genera Exhibit 29, page 19, Accion Discovery Platform.**

326. The proposed budget for Safety is necessary to produce performance consistent with the statutory standard—"adequate, safe, reliable, efficient, and nondiscriminatory electric power service" as Personal Protection Equipment and compliance with OSHA standards are directly tied to the safety of our personnel and Genera would be unable to provide a good service if our staff is not safe and healthy. These costs are not higher than the level required by prudent utility practices as the expenses contained within this budget are necessary and directly tied to staff

safety and OSHA compliance, accounting for proper mitigation of staff accidents and regulatory fines. Hence, these costs reflect cost-effective prudent spending consistent with operational safety and reliability. **Genera Exhibit 29, page 20, Accion Discovery Platform.**

327. The costs proposed are reasonable and the minimum expected to provide a safe workplace and achieve the relevant safety performance metrics. The proposed cost scenarios would be sufficient to achieve these tasks and perform adequately in safety metrics, and even under minimal and constrained scenario would allow us to continue improving our culture of safety and avoid accidents. **Genera Exhibit 29, page 20, Accion Discovery Platform.**

## **VII. EMERGENCY RESPONSE PLAN, EMERGENCY RESERVE ACCOUNT (Hearing Date December 5, 2025)**

The Emergency Response Plan revenue requirement is discussed in section VI (E) above. Genera's Reserve Account is discussed in section X(A) below.

## **VIII. FEDERAL FUNDS**

*Federal funding—particularly through FEMA's Public Assistance programs and related federal initiatives—constitutes a central pillar of Puerto Rico's grid recovery and generation modernization efforts. Genera has a proven record of efficiently using federal funds to cover millions in projects and initiatives that would have otherwise been paid with ratepayer funds. The record evidence confirms that these federally funded generation projects are essential for the reliability of the system. Notwithstanding, continued access to federal funds for scheduled or future projects requires a federal cost-share match of either 10% (FEMA) or 1% (DOE). A rider mechanism, such as the one proposed by Energy Bureau expert witness Guimel Cortés, would provide the funds needed to continue projects that are covered through federal funds. Genera's factual basis for the needed for a federal cost share match is as follows:*

### **A. Genera's Use of Federal Funds**

328. Genera has budgeted millions in capital expenditure projects to be funded with federal funds. These projects are included as part of the FY26–FY28 revenue requirement filings, and Genera has made various changes to its proposed budget considering the obligation of federal funds. **Genera Exhibits 244, 295, 337, 488, 881, 883, 887, 897/897.1, 910 and 1044, Accion Discovery Platform.**

329. For Genera, all of the current projects that are included in the Federal Funding Pipeline are necessary and critical to improving the reliability and stability of the electric system. **Hearing Transcript, December 18, 2025, page 10.**

330. Genera is trying to maximize the federal funds that are available to citizens of Puerto Rico to do as much projects as it can. Genera has been successful in getting reimbursements from federal funds, has added 1,200 in megawatts and is at 96% in approvals from FEMA for every RFR submitted. Genera is maximizing as much as it can but federal funds are not unlimited. **Hearing Transcript, December 18, 2025, page 214.**

331. Under the consolidated project plan submitted in August 2025 prepared by PREPA, Genera is procuring equipment and materials components associated with the generating plants

that it maintains and operates. **PC Exhibit 1032 and Hearing Transcript, December 18, 2025, page 11.**

332. Not all projects and initiatives of materials are covered by federal funds. Some parts like spare parts are not eligible for federal funding. **Hearing Transcript, December 18, 2025, page 15.** Inspections and maintenance are also not eligible for federal funding. **Hearing Transcript, December 18, 2025, pages 20-21.** Some IT components like purchasing the software, may be eligible for federal funds but the service, the support, from the providers, the continued support for Cyber Security, a renewal membership or for services in the cloud or something like that, that's potentially not eligible. **Hearing Transcript, December 18, 2025, pages 24-25.**

333. Genera submitted a list (Hopefulness List) of NME projects informing its understanding of whether the NME projects could be eligible to be paid for with federal funds at this time. **Genera Exhibit 910, Accion Discovery Platform.**

334. Genera's "hopefulness" list categorizes projects using a four-level framework (Ranking 0–3) that distinguishes (i) projects not eligible for federal funds, from (ii) projects potentially eligible but without identified available funding, from (iii) projects eligible and positioned for inclusion in available funding pathways, and from (iv) projects eligible with identified federal funds and formulation activity reflecting a high likelihood of coverage. **Genera Exhibit 910, Accion Discovery Platform.**

335. The hopefulness list was based on the input and experience of engineers, management personnel, and Jesús Cintron, Genera's Federal Funds Senior Project Manager, who went through the entire list and made a determination of whether, based on their experience and knowledge, the projects could be funded with federal funds at this time. **Hearing Transcript, December 18, 2025, pages 14-15 and 125-126.**

336. Genera is unaware of Puerto Rico additional government sources that exist to fund capital expenses and or hazard mitigation measures. **Hearing Transcript, December 18, 2025, pages 214.**

337. During the hearing, a \$750 million-dollar revolving facility established by the Commonwealth for a short-term funding of energy system projects was discussed among Energy Bureau consultants and Commissioners and LUMA's CFO, Andrew Smith, testified that the fund was not yet available to be used because it requires the elaboration of guidelines which have not been done. **Hearing Transcript, December 18, 2025, pages 213-214.** The guidelines for the revolving fund need to be approved by the Treasury Department, AAFAF and COR3 and the guidelines have not been approved. **Hearing Transcript, December 18, 2025, pages 314-315.**

338. If the funds of the \$750 million-dollar revolving fund were not available the rider proposed by Mr. Guimel Cortes should be established. **Hearing Transcript, December 18, 2025, pages 320-325.**

339. To cover the federal cost share needed for all projects covered with federal funds, the funds in the CDBG-DR grant are not sufficient to address the totality of the 10% match that's needed. **Hearing Transcript, December 18, 2025, page 171.**

340. Genera has included the amounts needed for the 1% federal cost share for DOE projects as well as the 10% required for FEMA projects in the January 9, 2026 final revenue requirement. Genera has included this amount as a revolving fund since PREPA representatives testified during the hearing that it is the operator's responsibility to include the federal cost share match in their respective budgets. **Hearing Transcript, December 18, 2025, pages 178-180.**

341. The funds to cover federal cost share need to be structured as a one-time payment, it cannot be prorated throughout the year, because payments come due and Genera has to make the payment the day that any payment is due. If Genera has a project that needs to be paid on January, the amount for the cost share needs to be in Genera's account by January. Genera cannot wait to get it on a monthly basis because then this would be a problem with cash flow. **Hearing Transcript, December 18, 2025, pages 179-180.**

342. In the February 27, 2023, Resolution and Order in Case NEPR-MI-2021-004 IN RE: LUMA Initial Budgets, the Energy Bureau ordered LUMA to include an allocation for cost share funds in its budgets beginning in FY2025 to account for the possibility that matching funds may not be available from other sources. **Genera Exhibit 173, Accion Discovery Platform.**

343. Genera is requesting a \$30M rotatory fund to be used to cover the federal cost share match for FY2026 for both DOE and FEMA projects. **Annex 5, Changes on Genera's Filing Schedule as filed on January 9, 2026 by LUMA as part of "Motion Submitting Revised Revenue Requirement".**

344. Most of Genera's federally funded projects work through Working Capital Advances ("WCA") provided by the Central Office for Recovery, Reconstruction, and Resiliency ("COR3"). **Genera Exhibit 173, Accion Discovery Platform.**

345. The federal government authorized the Puerto Rico Department of Housing ("PR-HUD") to use the funding under the CDBG-DR Electric Grid Recovery Program to cover the state cost share. Despite this, certain requirements must be met to get access to CDBG-DR funding to cover the state's cost share. **Genera Exhibit 173, Accion Discovery Platform.**

346. Under current program structures, FEMA reimburses up to 90% of eligible project costs, with the remaining 10% to be funded from local sources. Within the applicable framework, COR3 is expected to provide 75% of the total working capital, disbursed in 25% incremental advances. Notwithstanding, to be eligible for subsequent disbursements, Genera must provide documented evidence of payment in full (100%) of all invoices associated with the preceding phase of the project. In practice, when Genera requests a 25% capital advance for a given project phase, COR3 will only release 90% of the requested amount, withholding the remaining 10% until full payment is demonstrated. As a result, Genera must independently cover the 10% shortfall to satisfy COR3's requirement and qualify for the next advance. The situation creates a material funding gap, as Genera must have sufficient liquidity to meet the 10% federal cost-share requirement during the different phases of project execution. **Genera Exhibit 173, Accion Discovery Platform.**

347. PREPA representatives testified during the hearing that it is the operator's responsibility to include the federal cost share match in its budget. **Hearing Transcript, December 18, 2025, page 178.**

348. Including amounts for the federal cost share is essential to avoid forfeiting access to millions of dollars in federal funds. **Genera Exhibit 173, Accion Discovery Platform.**

349. Energy Bureau consultant Guimel Cortes is proposing the establishment of a Restricted Federally Funded Capital Account (RFFCA) to act as a temporary liquidity tool that bridges the cash-flow gaps in the federal reimbursement process. The RFFCA would serve dual purposes: (1) bridging cash-flow gaps for obligated projects, and (2) providing contingency funding for essential reliability projects that cannot await final FEMA determinations without unacceptable safety or service risks. **PC Exhibit 65, page 4, Accion Discovery Platform.**

350. The Emergency Reserve Account discussed by the Energy Bureau could also be used as a source for the 10% cost share that is required when federal funds are obligated. **Hearing Transcript, December 5, 2025, page 333.**

### **VIII. RECORD-KEEPING (Hearing Date December 10, 2025)**

*The hearing record reflects that Genera maintains electronic record-keeping and project cost tracking through integrated systems, including Asset Suite (integrated with Oracle Fusion), and that Genera has assumed responsibility for its own books and records while the broader transition for PREPA has not yet occurred; the record further demonstrates that consolidated reporting is envisioned as each operator accounting for its own activities in its own system before information is aggregated at a consolidated PREPA-level, but cautions that such aggregation requires a governance process to ensure consistent accounting treatment (including aligned capitalization thresholds and depreciation logs). Consistent with that governance framework, the transcript underscores the importance of adopting a FERC-based uniform system of accounts to place the financial books and records of LUMA, Genera, PREPA, and others on a common basis for comparability and benchmarking, and confirms that Genera has begun categorizing its projects using the uniform system of accounts that FERC provides—using PREPA's accounts—while remaining “ready and waiting” for other entities to adopt the same approach so that comparisons can be made “apples to apples.”*

351. The hearing record shows that Genera maintains electronic record-keeping and project-cost tracking through integrated systems. Genera uses Asset Suite which tracks everything including invoices. The system integrates with Oracle Fusion which is currently being used by Genera. **Hearing Transcript, December 10, 2025, page 277.**

352. The record further explains that while “PREPA has assumed responsibility for its own books and records” that “has actually not happened,” “Genera did that in February of this year...(2025)”. **Hearing Transcript, November 24, 2025, page 121.**

353. With respect to consolidated reporting, LUMA would account for its own activities in its own system, Genera and others would do the same and ultimately, there would be an aggregation of that information at a consolidated PREPA level that would ultimately feed into the

financial statements for the Commonwealth. **Hearing Transcript, November 24, 2025, pages 121-122.**

354. On the governance point, the testimony of the CFOs addressed the importance of a FERC-based uniform accounting structure. The benefits of] having the utility system with financial records that follow the FERC uniform system of accounts is that it places the financial books and records of not only LUMA, but Genera, PREPA, and others on a common basis, allowing comparability between the entities and supporting benchmarking and comparability with other utilities. **Hearing Transcript, November 24, 2025, page 38.**

355. Ms. María Sánchez-Brás explained that, with respect to organizing Genera's projects, Genera has started by categorizing them by the uniform system of accounts that FERC provide and Genera is currently ready and waiting for others to adopt the same approach so that comparisons can be made "apples to apples." **Hearing Transcript, December 10, 2025, page 111.**

## IX. CONCLUSION

Genera has developed a 3-year revenue requirement for the Rate Period comprising FY2026, FY2027 and FY2028 considering system needs, regulatory requirements and LG OMA responsibilities to be able to comply with maintaining an adequate, safe, reliable, efficient, and non-discriminatory electric power system.

The Energy Bureau should find that Genera's budgeting methodology is a true bottoms-up approach, in which Genera's Finance Department requires each department head to provide department-level budget needs, and those inputs are then scaled into a company-level budget aligned with Genera's LGA OMA obligations and industry-standard operational requirements. The record shows that the resulting budgets are based on individual line items tied to known maintenance needs, operational support, contractual obligations, and federal cost-share requirements, and that they include detailed NME projections grounded in asset condition and OEM recommendations, activities that are not tied to specific planned projects (GMR), and contractually mandated reserve requirements (Reserve Account), and adjustments reflecting constrained conditions (including maintenance scope decisions, deferrals, internal labor utilization, and risk-based prioritization).

The Energy Bureau should find that Genera represented—and the record demonstrated—that the revenue requirement budget structure complies with the Energy Bureau's stated budget framework and is no higher than the level required by prudent utility practice.

The Energy Bureau should find that the revenue requirement mechanism requested by Genera is expressly framed as a tool authorized by statute and sought due to insufficient funding levels relative to the operational and capital requirements of the legacy generation fleet entrusted to Genera under the LGA OMA. The record shows that Genera seeks relief because existing revenues do not generate sufficient funds to enable proactive maintenance, repair, and investment needed to improve generation system condition.

The Energy Bureau should find that Genera has made efficient use of Federal Funds. Genera has budgeted millions of dollars in capital expenditures to be covered with federal funds, has sought to eliminate from its revenue requirement costs that have been obligated with federal

funds, has added 1,200MW in generation with the use of federal funds and has successfully reconciled 96% of expenditures from FEMA funds.

Genera's labor force is its greatest asset. The record shows that the revenue requirement tied to Genera's workforce is essential to fund labor operating expenses, which include salaries and wages, pensions and benefits, overtime pay, as well as internal programs such as employee engagement and professional support services that are necessary and appropriate to meet the statutory obligation to provide electric power service that is adequate, safe, reliable, efficient, and non-discriminatory.

The Energy Bureau should find that the record distinguishes—on a functional and prudence basis—between (i) planned, forecasted maintenance funded through NME and (ii) contingency-oriented and non-routine needs addressed through dedicated reserve mechanisms, and that those reserves are not intended to backfill planned maintenance shortfalls. The record shows that NME supports defined projects known in advance (e.g., turbine overhauls, boiler inspections, emissions-control upgrades, and reliability-driven interventions), whereas the GMR is used for activities that are not tied to specific planned projects and provides flexible funding for non-routine maintenance reasonably expected to arise based on asset age, performance trends, and operating conditions.

Further, the Energy Bureau should find that the Reserve Account is a contractually mandated safeguard designed for system-level “eventualities” where rapid funding availability is necessary to avoid broader reliability consequences. The record shows that the Reserve Account is established under LGA OMA § 7.6(d) and exists to pay costs connected with Forced Outages, Force Majeure Events or Owner Fault, and procurement/installation of Capital Spare Parts approved under § 5.6 and is designed for deployment in system-level emergencies such as natural disasters, major equipment failures, or cascading outages.

The Energy Bureau should find that the record quantifies the reliability risks of deferring high-priority work and explains why contingency planning cannot substitute for timely planned maintenance. The record demonstrates that ensuring high-priority reliability, performance, and safety projects are not postponed is necessary to avoid a material increase in quantifiable operational risks—elevated Forced Outage Rates (FOR), prolonged Mean Time to Repair (MTTR), and reduced Equivalent Availability Factor (EAF)—and that failure to perform necessary maintenance and repairs will result in more and longer load shedding events for Puerto Rico. The record further demonstrates that contingency planning exists but is inherently limited, and that neither the GMR nor the Reserve Account is intended to supplant or backfill planned maintenance initiatives covered under the NME program; absent timely and adequate funding for high-priority initiatives, the system must operate under constrained reliability margins, increasing the risk of capacity shortfalls, dispatch instability, and involuntary load curtailments.

The Energy Bureau should find that the revenue requirement request prudently addresses “eventualities” associated with temporary generation resources needed to hedge against near-term capacity and outage risks, and that the record supports rate recovery because those TM2500 O&M costs are not eligible for reimbursement under the cited federal frameworks.

The Energy Bureau should find that the Multi-Utility costs associated with Genera's Corporate Affairs, Legal and Insurance, IT/OT, Finance, Warehouse and Procurement, and Regulatory, Environmental, Emergency Response and Safety are (i) supported by record evidence,

(ii) prudent and reasonable, and, in substantial part, non-deferrable, and (iii) appropriately included in the revenue requirement to ensure Genera can meet its contractual and statutory duties while maintaining safe and reliable service.

As relevant to the conflicts of interest concerns, the record reflects that any assertion that Genera suffers from a disqualifying or unmitigated conflict is unsupported. The CEO Conflict Testimony demonstrates: (i) the existence of a contract driven OCI policy embedded in the governing contractual framework approved by the Energy Bureau; (ii) the segregation of affiliate fuel procurement from Genera's operational decision-making; and (iii) layered governmental and regulatory oversight mechanisms that prevent any potential OCI from being acted upon to the detriment of Puerto Rico electricity consumers, specifically through the P3A and the 3PPO. Accordingly, the Energy Bureau should find that Genera's potential conflict concerns—fully disclosed—are structurally mitigated and do not warrant adverse ratemaking treatment, disallowances, or speculative penalties premised on conjecture rather than record evidence.

Finally, the Energy Bureau should find that the record substantiates the necessity of funding to address federal-funds cost share requirements—namely the timing and liquidity mismatches created by federal cost-share and reimbursement structures—so that federally funded work can proceed without avoidable delay or forfeiture risk. The record reflects the pressing need for a revolving funding mechanism to support the 10% federal cost share match tied to FEMA-funded capital and resiliency projects, as well as the 1% match for the DOE grant. Since PREPA cannot provide the match and has requested that operators seek it through the budgets, recovery through the Rate Case is identified as the only viable mechanism to satisfy the requirement and avoid forfeiting access to millions in federal funds.