

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

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S 10-YEAR
INFRASTRUCTURE PLAN – DECEMBER 2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: FEMA Consolidated Project Plan
and FAASt Settlement.

RESOLUTION AND ORDER

I. Introduction

The Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), created under Act 57-2014¹ and expanded through Act 17-2019,² is vested with broad authority to regulate Puerto Rico's energy sector and oversee compliance with public policy. It is the Energy Bureau's responsibility to ensure that electricity service in Puerto Rico is reliable, affordable, and developed under Commonwealth energy public policy, including the long-term planning framework established for the electric power system.

In carrying out this oversight function, the Energy Bureau is responsible for evaluating the system-level implications of the reconstruction and modernization strategies submitted for its review, including the extent to which damaged assets by declared natural disasters are adequately addressed, and modernization initiatives are implemented in a manner consistent with the IRP framework and the Modified Action Plan³.

The Energy Bureau recognizes that failure to adequately address damaged assets may increase operational risks and lead to future capital expenditures that could ultimately be borne by ratepayers. In addition, the Energy Bureau recognizes that modernization initiatives that are not evaluated and implemented in a manner consistent with the IRP may require subsequent system modifications or corrective investments, potentially resulting in costs that are not fully recoverable through federal funding and that could ultimately impact ratepayers, contrary to the Energy Bureau's responsibility to protect consumers and ensure just and reasonable electric service. These considerations are directly implicated by the scope, structure, and allocation of projects reflected in the Consolidated Project Plan and associated project lists submitted for the Energy Bureau's review.

On August 8, 2025, the Puerto Rico Electric Power Authority ("PREPA") filed a document titled *Informative Motion to Submit the Consolidated Project Plan* ("August 8 Motion"). Thru the August 8 Motion, PREPA submitted a Consolidated FEMA⁴ Accelerated Award Strategy ("FAASt") Project List ("Consolidated List"), developed, according to PREPA, in coordination with LUMA⁵ and Genera⁶.

¹ Known as the *Puerto Rico Energy Transformation and Relief Act*, as amended ("Act 57-2014").

² Known as the *Puerto Rico Energy Public Policy Act*, as amended ("Act 17-2019").

³ Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, *In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority*, Case No. CEPR-AP-20 18-0001, August 24, 2020 ("IRP Order").

⁴ Federal Emergency Management Agency ("FEMA").

⁵ LUMA Energy Management, LLC and LUMA Energy ServCo, LLC (jointly referred as "LUMA").

⁶ Genera PR LLC ("Genera").



The Energy Bureau issued a Resolution and Order on November 7, 2025 (the “November 7 Order”), requiring PREPA, LUMA, and Genera to clarify the extent to which the Consolidated List addresses the damages established in the FEMA Allocation, and to provide additional information regarding unrepaired damages and the financial impacts of the inactive project portfolio.

Following the Energy Bureau’s November 7 Order, the Energy Bureau received motions in compliance with each of the Parties. Specifically, on **December 1, 2025**, PREPA filed its *Motion in Compliance with the November 7, 2025 Resolution and Order*; on **December 12, 2025**, LUMA filed its *Motion in Compliance with the November 7, 2025 Resolution and Order*; and on **November 26, 2025**, Genera filed its *Motion in Compliance with the November 7, 2025 Resolution and Order*. The Energy Bureau takes notice of these filings and incorporates them into the record to evaluate the funding allocation framework and the strategy to address active and inactive projects under the Consolidated Project Plan / Consolidated Project List.

II. Discussion

As stated in the November 7 Order, in 2020 FEMA obligated approximately \$10.7 billion to cover the damaged PREPA assets under the FAASt (“FEMA Allocation”)(excluding funding for mitigation measures under Section 406 of the Stafford Act to prevent or reduce future damages from similar events), based on a sampling methodology applied across key asset categories — including transmission, distribution, buildings, substations, telecommunications, generation and water infrastructure. This methodology resulted in an allocation of 91% for: transmission, distribution (“T&D”), substation, building and telecommunication assets, 8% for water assets (hydro, dredging, irrigation), and 1% for generation assets (Legacy generation assets).

Based on the information submitted, the Energy Bureau takes notice that PREPA and Genera stated they were not materially affected by the Consolidated List because none of the projects under their respective responsibility were inactivated. However, LUMA’s portfolio of projects was materially impacted, as the Consolidated List reduced the number of active T&D projects from 571 to 282, leaving 289 projects designated as inactive, with approximately \$402 million in incurred costs.

Considering these impacts, the Energy Bureau further recognizes that the allocation reflected in the Consolidated Project List materially deviates from the original FAASt allocation established by FEMA based on documented disaster-related damages. While Section 428 of the Stafford Act provides subrecipients with flexibility in the use of fixed-cost funding, such flexibility does not relieve PREPA of its responsibility to repair all eligible disaster damage to its assets, nor does it eliminate the risk that damages not addressed within the scope of the current allocation may remain unrepaired⁷. Facilities or damages not repaired under the approved allocation may be ineligible for assistance under future disaster declarations, potentially resulting in long-term operational risks and future capital costs that could ultimately be borne by ratepayers⁸. Accordingly, the Energy Bureau finds it necessary to evaluate whether the current allocation framework adequately addresses documented damages and supports the continued reliability of the electric system, consistent with its statutory obligation to protect consumers and ensure just and reasonable electric service.

Consistent with this oversight responsibility, the Energy Bureau further takes notice that, in correspondence dated September 24, 2021, FEMA required that all plans and investments related to PREPA must be approved by the Energy Bureau as consistent with Puerto Rico’s

⁷ Public Assistance Alternative Procedures (PAAP) Guide, Jan. 1, 2022, pp. 8–9.

⁸ See FEMA Public Assistance Program and Policy Guide (PAPPG) v3.1 (2018), Ch. 2, IV “General Work Eligibility”.



public policy prior to submission to FEMA⁹. Consistent with this guidance, the Energy Bureau finds that its review of the Consolidated Project Plan and related allocations is a prerequisite to FEMA submission to ensure compliance with applicable law, system reliability, and protection of ratepayers.

Within this context, the Energy Bureau finds that, through an initial modification to the current allocation framework, the amount of funding for T&D can be increased to support the inclusion of priority T&D projects that were inactivated, considering that only T&D projects were impacted. For this initial reallocation, the Energy Bureau assumes that no changes are made to the existing allocations for PREPA and that the full reserve identified in the Consolidated Project Plan is allocated to T&D.

M
Sm In connection with the allocation of the reserve amount, the **Energy Bureau** takes notice of LUMA Energy's Motion in Compliance with the Resolution and Order of October 3, 2025 and November 7, 2025; including LUMA's supplemental filing submitted on December 23, 2025, in compliance with the Resolution and Order of November 7, 2025. Through these filings, LUMA submitted detailed asset-level validation for active and inactive projects, estimated costs incurred, funding reconciliation strategies, and an updated Prioritization List addressing the 289 inactive projects.

TH Based on the information submitted by LUMA, the Energy Bureau has identified a subset of projects included in **Attachment A** from the inactive project inventory that, as an initial phase, must be resubmitted to FEMA for reactivation using the reserved funding identified in the Consolidated List. This action is necessary to enable the continuation of engineering, procurement, and construction activities and to prevent further exposure of non-federal capital and ratepayer funds.

Shon For those projects that contain only estimated costs under Section 406 Hazard Mitigation, such projects shall be reactivated under the Consolidated List solely for purposes of eligibility review, and shall be submitted to FEMA strictly under Section 406 for mitigation eligibility determination.

one Under this approach, the Energy Bureau further contemplates that certain mitigation measures may not have been estimated under Generation assets and that, if validated, such amounts could positively impact on the reconciliation process by releasing an equivalent amount of Section 428 funds. Based on a preliminary evaluation, this reconciliation could result in an amount of approximately \$1.3 billion being reclassified from Section 428 to Section 406 mitigation, which could release additional Section 428 funding for additional projects or to activate projects not currently included in the Consolidated Project Plan submitted by PREPA.

In parallel, the Energy Bureau also finds that certain mitigation measures may not have been estimated under T&D assets in the Consolidated Project Plan. LUMA would have to reconcile mitigation funds and address potential duplication of funding associated with equipment and materials projects. As an initial reference, for the Monacillos and Costa Sur Substation projects alone, an estimated \$54.4 million in Section 428 funding could potentially be released addressing potential duplication subject to further validation. In addition, certain projects that were included 100% under Section 428 did not estimate mitigation measures in the Consolidated Project Plan, including 230 kV vegetation management projects estimated at up to \$154 million. Based on a preliminary evaluation, these reconciliation areas could potentially free up an estimated \$850 million to support the inclusion of additional inactive projects, subject to further review and confirmation.

⁹ FEMA letter dated September 24, 2021, to the Central Office for Recovery, Reconstruction, and Resiliency.



Once these reconciliations are completed, and the reserve amount of the Consolidated Project Plan is allocated to the identified T&D projects, the resulting distribution would more closely align with the original FAASt allocation. Under this scenario, approximately \$1.9 billion in additional funding could become available. Such funding would support the resubmission to FEMA of priority inactive projects identified by the Energy Bureau using the estimated Section 428 cost components for purposes of reactivation and continuation of work. In parallel, projects containing only Section 406 Hazard Mitigation cost estimates (using Vieques and Culebra Microgrid projects as an example) would be submitted separately by PREPA to FEMA strictly for evaluation and eligibility determination. This approach would allow FEMA to determine the extent to which mitigation measures may be obligated independently, while preserving and potentially expanding the availability of Section 428 funding to incorporate additional inactive projects that address documented damages under the FAASt framework.

Based on the submission of projects to be funded from the reserve, together with the assumptions and reconciliation framework described above, the Energy Bureau presents the updated allocation summary in the Table below (the “Updated Allocation Framework”), as a preliminary funding scenario reflecting the potential reallocation of amounts across asset categories to more closely align with the original FAASt settlement distribution and to increase funding availability for inactive priority T&D projects.

For clarity, the Updated Allocation Framework is presented for planning and oversight purposes within Section 428 fixed-cost framework. The projects identified for reactivation shall be submitted to FEMA using their estimated Section 428 costs, together with any associated mitigation components, while projects containing only Section 406 Hazard Mitigation cost estimates shall be submitted separately by PREPA to FEMA strictly for eligibility and evaluation determinations. All amounts and project submissions remain subject to FEMA review, including eligibility, allowability, scope approval, and cost reasonableness determinations.

Table 1: Updated Allocation Framework

Asset	FAASt Settlement	Consolidated List	FAASt %	Changes	Recommended Allocation	FAASt %
T&D	\$9,734,876,236.59	\$5,793,000,000.00	55%	\$1,979,808,933.00	\$7,772,808,933.00	74%
Generation	\$108,927,715.08	\$2,649,000,000.00	25%	(\$1,343,000,000.00)	\$1,306,000,000.00	12%
Water	\$860,926,275.87	\$1,438,000,000.00	14%		\$1,438,000,000.00	14%
Insurance	(\$193,746,436.00)					
Reserve		\$636,808,933.00	6%	(\$636,808,933.00)		
Total	\$10,510,983,791.54	\$10,516,808,933.00	100%		\$10,516,808,933.00	100%

III. Order

The Energy Bureau **ORDERS** PREPA, Genera and LUMA to provide the following information within fifteen (15) calendar days from the notification of this Resolution and Order to confirm that the proposed allocation may be implemented:

- 1. Reconciliation Timeline – Genera (Section 406 / Section 428 Reclassification) shall file with the Energy Bureau an implementation plan identifying (i) the estimated amount of funds that Genera proposes to reconcile and reclassify under Section 406 mitigation (as applicable), including the corresponding reduction in Section 428 amounts, and (ii) the estimated timeline required to complete such reconciliation in order to release Section 428 funding capacity consistent with the Updated Allocation Framework.



- 1
2. Reconciliation Timeline – LUMA (Duplication / Mitigation Reconciliation and any additional priority projects not created) shall file with the Energy Bureau an implementation plan identifying (i) the specific estimated amount of funds that LUMA proposes to reconcile through the identification of duplication of funding between child projects and equipment and materials PWs cost overlaps, as well as any Section 406 mitigation-related adjustments (as applicable), (ii) Confirmation that there are no additional T&D projects with identified or potential damages beyond those included in the inactive project list, and (iii) the estimated timeline required to complete such reconciliation actions in order to support the inclusion of priority inactive T&D projects consistent with the Updated Allocation Framework.
- 2
3. Reconciliation Timeline – PREPA (Project Construction Estimate Timeline) shall file with the Energy Bureau an implementation plan identifying (i) the estimated project timeline (design and construction) for each project and (ii) confirmation that the estimated mitigation cost remains as submitted in the Consolidated Project Plan.
- 3
4. Reserve allocation – PREPA shall amend the Consolidated Project List to include the projects identified in **Attachment A** of this Resolution and Order, which the Energy Bureau has determined meet the criteria for initial reactivation based on technical readiness, incurred costs, DSOW submission status, and alignment with LUMA's prioritization framework.

4

The requested information is necessary for the Energy Bureau to evaluate the feasibility and timing of the reconciliation actions contemplated under the Updated Allocation Framework, and the estimated time required for LUMA and Genera to complete any mitigation or duplication-of-funding reconciliations. This information will further allow the Energy Bureau to assess the orderly resubmission to FEMA of the projects identified in Attachment A for reactivation under their Section 428 cost components, as well as the separate submission of projects containing only Section 406 Hazard Mitigation estimates for FEMA eligibility determination.

This evaluation is necessary to ensure that priority inactive projects addressing documented damages under the FEMA Allocation may be incorporated in a manner that maximizes the use of available federal funds, supports compliance with applicable FEMA requirements, and minimizes the risk of unreimbursed costs, unrepaired assets, and future ratepayer exposure associated with work that may not ultimately be approved or reimbursed by FEMA.

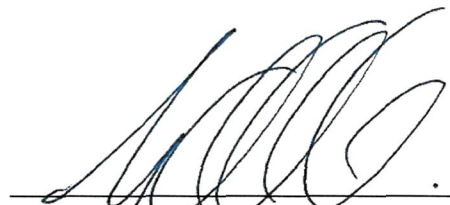
To support these efforts, the Energy Bureau authorizes its staff and consultants to engage in informal technical meetings with representatives and/or consultants of PREPA, LUMA, and Genera, to clarify the requirements in this Resolution and Order, as well as other matters related to the request. However, Energy Bureau staff and consultants are not authorized to make binding representations or commitments on behalf of the Energy Bureau. The final authority regarding the evaluation and determination of the information submitted rests exclusively with the Commissioners.

The Energy Bureau **WARNS** PREPA, LUMA, and Genera that any further failure to comply with the Energy Bureau's directives, including the requirement to use and complete provided templates, may subject it to administrative fines and sanctions under Article 6.36 of Act 57-2014, including penalties of up to \$25,000 per day and up to \$250,000 per violation in cases of recurrent or continued noncompliance.




The Energy Bureau **REAFFIRMS** that strict compliance with its instructions is not optional but essential to advancing Puerto Rico's energy system reconstruction and stabilization efforts.

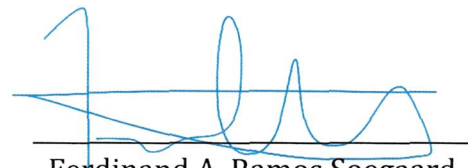
Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on February 5, 2026. Also certify that on February 5, 2026, I have proceeded with the filing of this Resolution and Order and was notified by email to regulatory@genera-pr.com, legal@genera-pr.com, jfr@sbglaw.com, jdiaz@ecija.com, sromero@ecija.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; Yahaira.delarosa@us.dlapiper.com; Emmanuel.porrogonzalez@us.dlapiper.com.

I sign this in San Juan, Puerto Rico, today, February 5, 2026.



Sonia Seda Gaztambide
Clerk



Attachment A: Project Activation List

Project Number	DSOW Submitted?	Total Estimate Incurred Cost	428 Cost	406 Cost	Total Estimated Cost
334191	Yes	\$9,689,812.09	\$44,675,547.00	\$38,483,744.00	\$83,159,291.00
666894	Yes	\$9,279,864.90	\$35,282,713.00	\$3,532,039.00	\$38,814,752.00
334293	Yes	\$5,762,106.74	\$47,224,922.00	\$45,582,792.00	\$92,807,714.00
547247	Yes	\$4,499,385.99	\$5,463,505.90	\$84,733,286.06	\$90,196,791.96
334472	Yes	\$3,857,112.76	\$18,783,750.00	\$5,366,655.00	\$24,150,405.00
678794	Yes	\$3,450,445.62	\$18,852,071.00	\$1,444,528.00	\$20,296,599.00
718971	Yes	\$3,238,497.73	\$15,889,643.00	\$901,810,364.00	\$917,700,007.00
436616	Yes	\$3,049,964.36	\$27,194,288.00	\$14,494,388.00	\$41,688,676.00
690483	Yes	\$2,980,653.60	\$15,993,979.00	\$1,319,139.00	\$17,313,118.00
547343	Yes	\$2,943,473.75	\$6,846,444.90	\$54,844,288.98	\$61,690,733.88
699814	Yes	\$2,857,852.61	\$18,680,447.00	\$1,909,452.00	\$20,589,899.00
704931	Yes	\$2,832,594.37	\$18,265,434.00	\$2,269,186.00	\$20,534,620.00
704862	Yes	\$2,726,930.50	\$13,631,005.00	\$1,104,923.00	\$14,735,928.00
678795	Yes	\$2,701,705.05	\$17,274,978.00	\$1,527,389.00	\$18,802,367.00
730541	Yes	\$2,623,408.00	\$14,523,276.00	\$18,671,456.00	\$33,194,732.00
704757	Yes	\$2,617,616.95	\$9,707,069.00	\$820,333.00	\$10,527,402.00
671396	Yes	\$2,599,723.93	\$21,135,871.00	\$2,911,033.00	\$24,046,904.00
547344	Yes	\$2,584,284.14	\$8,874,442.51	\$42,895,135.02	\$51,769,577.53
688623	Yes	\$2,577,701.87	\$1,005,286.00	\$1,877,045.00	\$2,882,331.00
546374	Yes	\$2,563,501.36	\$21,058,160.00	\$12,777,559.00	\$33,835,719.00
730586	Yes	\$2,500,998.26	\$18,969,808.00	\$12,719,346.00	\$31,689,154.00
730824	Yes	\$2,464,564.33	\$4,115,433.00	\$2,840,853.00	\$6,956,286.00
724603	Yes	\$2,396,659.73	\$11,029,424.00	\$1,044,683.00	\$12,074,107.00
334476	Yes	\$2,350,006.68	\$18,285,383.00	\$18,767,542.00	\$37,052,925.00
177191	Yes	\$2,347,246.55	\$19,407,885.00	\$906,873.00	\$20,314,758.00
701473	Yes	\$2,151,035.48	\$16,995,906.00	\$1,574,362.00	\$18,570,268.00
693543	Yes	\$2,135,208.44	\$13,468,580.00	\$1,643,590.00	\$15,112,170.00
671400	Yes	\$1,880,917.99	\$10,053,300.00	\$1,109,633.00	\$11,162,933.00
547243	Yes	\$1,875,010.93	\$13,896,445.76	\$6,952,342.26	\$20,848,788.02
958367	Yes	\$1,860,753.24	\$14,474,191.76	\$1,172,038.62	\$15,646,230.38
693788	Yes	\$1,831,642.93	\$7,465,021.00	\$481,369.00	\$7,946,390.00
546386	Yes	\$1,640,643.01	\$6,564,391.00	\$23,252,037.00	\$29,816,428.00
697183	Yes	\$1,589,931.76	\$11,188,812.00	\$1,117,331.00	\$12,306,143.00
690721	Yes	\$1,577,001.01	\$7,045,719.00	\$542,958.00	\$7,588,677.00
698432	Yes	\$1,271,901.70	\$8,618,625.00	\$968,057.00	\$9,586,682.00
690480	Yes	\$1,203,691.71	\$9,318,022.00	\$922,000.00	\$10,240,022.00
547241	Yes	\$1,194,229.01	\$10,924,436.00	\$5,628,609.00	\$16,553,045.00
551927	Yes	\$1,173,137.64	\$19,213,188.60	\$3,299,617.88	\$22,512,806.48
686482	Yes	\$1,088,990.74	\$8,712,288.00	\$733,835.00	\$9,446,123.00
550986	Yes	\$1,063,570.56	\$10,649,911.00	\$5,427,167.00	\$16,077,078.00
550894	Yes	\$945,895.54	\$973,098.00	\$28,669,863.00	\$29,642,961.00
750503	Yes	\$933,346.51	\$	\$55,503,065.56	\$55,503,065.56
750502	Yes	\$917,517.07	\$	\$52,720,520.35	\$52,720,520.35
752972	Yes	\$877,404.95	\$	\$57,640,005.67	\$57,640,005.67
754350	Yes	\$830,833.49	\$	\$15,123,199.33	\$15,123,199.33
738671	Yes	\$771,738.90	\$	\$55,941,767.50	\$55,941,767.50
754351	Yes	\$722,563.30	\$	\$7,066,632.80	\$7,066,632.80
748180	Yes	\$578,474.45	\$	\$52,804,979.05	\$52,804,979.05
752277	Yes	\$436,437.47	\$359,175.24	\$4,177,144.45	\$4,536,319.69
745851	Yes	\$255,436.45	\$479,854.00	\$1,052,298.00	\$1,532,152.00
805519	Yes	\$197,629.44	\$708,408.01	\$769,393.29	\$1,477,801.30
817249	No	\$189,461.99	\$5,100,000.00	TBD	\$5,100,000.00
745854	Yes	\$184,886.52	\$546,905.00	\$1,164,604.00	\$1,711,509.00
790446	Yes	\$121,427.65	\$4,662,521.30	\$28,582.12	\$4,691,103.42
668669	Yes	\$73,993.29	\$307,465.00	\$	\$307,465.00
757945	Yes	\$60,037.43	\$2,892,589.50	\$15,039.03	\$2,907,628.53
727691	Yes	\$38,329.46	\$	\$44,200,121.50	\$44,200,121.50
740406	Yes	\$14,548.58	\$	\$5,894,785.29	\$5,894,785.29
741097	Yes	\$8,787.49	\$	\$1,347,191.63	\$1,347,191.63
741098	Yes	\$8,365.17	\$	\$961,518.65	\$961,518.65
740410	Yes	\$8,296.79	\$	\$5,425,376.76	\$5,425,376.76
740409	Yes	\$8,084.15	\$	\$23,846,154.02	\$23,846,154.02
740414	Yes	\$7,563.55	\$	\$13,788,400.37	\$13,788,400.37
741102	Yes	\$7,244.12	\$	\$1,516,985.37	\$1,516,985.37
727694	Yes	\$6,393.72	\$	\$76,781,710.48	\$76,781,710.48
741101	Yes	\$6,352.17	\$	\$1,058,188.92	\$1,058,188.92
740411	Yes	\$5,962.20	\$	\$3,777,166.88	\$3,777,166.88
727562	Yes	\$5,599.08	\$	\$84,411,128.06	\$84,411,128.06
727530	Yes	\$5,115.75	\$	\$70,421,923.26	\$70,421,923.26
727540	Yes	\$4,692.54	\$	\$66,510,486.76	\$66,510,486.76
741104	Yes	\$4,492.45	\$	\$1,992,973.53	\$1,992,973.53
740408	Yes	\$4,225.96	\$	\$11,782,088.78	\$11,782,088.78
741100	Yes	\$3,733.86	\$	\$1,428,325.86	\$1,428,325.86
727558	Yes	\$3,251.49	\$	\$16,374,246.76	\$16,374,246.76
Total		\$119,281,901.01	\$636,789,618.48	\$2,093,674,845.85	\$2,730,464,464.33

