

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

NEPR

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IN RE: PUERTO RICO ELECTRIC
POWER AUTHORITY RATE REVIEW

Case No.: NEPR-AP-2023-0003

Subject: Motion to Inform the Filing of
Genera's Reply to Bondholders' Brief on
Revenue Requirement and to File Spanish-
Language Summary

**MOTION TO INFORM THE FILING OF GENERA'S REPLY TO BONDHOLDERS'
BRIEF ON REVENUE REQUIREMENT AND TO FILE SPANISH-LANGUAGE
SUMMARY**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW, Genera PR LLC ("Genera"), as agent of the Puerto Rico Electric Power Authority ("PREPA")¹, 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, including the *Hearing Examiner's Order on Exhibits, Miscellaneous Post-Hearing Matters, and Legal Issues* dated December 22, 2025 ("December 22nd Order"), which established the briefing structure and word-count requirements, and the *Resolution and Order* issued by the Puerto Rico Energy Bureau ("Energy Bureau") on February 9, 2026, extending the deadline for the filing of Reply Briefs on Revenue Requirement and Initial Briefs on Rate Design through and including February 16, 2026, which extension was subsequently circulated to and

¹ Pursuant to the *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* ("LGA OMA"), dated January 24, 2023, executed by and among PREPA, Genera, and the Puerto Rico Public-Private Partnerships Authority, Genera is the sole operator and administrator of the Legacy Generation Assets (as defined in the LGA OMA) and the sole entity authorized to represent PREPA before the Energy Bureau with respect to any matter related to the performance of any of the O&M Services provided by Genera under the LGA OMA.

acknowledged by the parties through electronic communications forwarded to all counsel of record.

2. The Energy Bureau subsequently issued a Resolution and Order dated February 10, 2026, clarifying, among other matters, that the deadline for the filing of the Reply Briefs on Revenue Requirement is February 17, 2026, thereby eliminating any uncertainty regarding the corresponding filing date.
3. 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.
4. On February 12, 2025, the Energy Bureau initiated this rate review proceeding and directed 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. Following those 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. On January 23, 2026, Genera submitted its *Initial Brief on Revenue Requirement* providing 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. On January 24, 2026, the Bondholders filed their *Initial Post-Hearing Brief on the Revenue Requirement*.
10. Pursuant to the Hearing Examiner's directives, Genera hereby files its *Reply to Bondholders' Brief on Revenue Requirement*, attached hereto as *Exhibit 1*, and respectfully informs the Energy Bureau of such filing.
11. Consistent with the Hearing Examiner's December 22nd Order, Genera hereby certifies that the word count of its *Reply to Bondholders' Brief on Revenue Requirement* is 11,610 words, excluding the caption, table of contents, signature blocks, and certificates of service, as established by the Hearing Examiner.
12. In accordance with the Energy Bureau's standing directives on public accessibility of substantive English-language filings, Genera also submits a concise Spanish-language summary of its *Reply to Bondholders' Brief on Revenue Requirement*, attached hereto as *Exhibit 2 (Resumen en Español de la Réplica al Alegato de los Bonistas sobre Requerimiento de Ingresos)*.
13. The attached summary is submitted for informational purposes and to facilitate public understanding of Genera's Reply Brief, without prejudice to the arguments, positions, and evidentiary record set forth in the English-language filing.
14. The Reply Brief and the Spanish-language summary are being filed electronically through the Energy Bureau's filing platform consistent 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 Reply to Bondholders' Brief on*

Revenue Requirement, together with the Spanish-language summary, as timely filed and incorporate both documents 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 17th day of February 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; 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 REPLY TO BONDHOLDERS' 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 Reply to Bondholders'
Brief on Revenue Requirement

**GENERA'S REPLY TO BONDHOLDERS' BRIEF
ON REVENUE REQUIREMENT**

February 17, 2026

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I. INTRODUCTION

This response addresses the Bondholders’ stated critiques and recommendations directed to Genera in the “Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement,” including their contention that Genera “failed to prove” certain requested costs, that certain projects should be externally funded, that certain LTSA-related costs are “speculative,” and that certain budgets should be reduced to constrained levels.

In responding to the above, Genera relies on the evidentiary record demonstrating that its budgets were developed and presented as part of a structured, bottom-up process tied to operational needs and prudent utility practice, and that the requested revenue requirement reflects the minimum level of funding necessary to maintain safe, reliable, and efficient generation service and to comply with contractual and regulatory obligations during the FY26–FY28 rate period.

The record shows that Genera’s project selection and prioritization are reliability driven, with NME projects linked to Forced Outage and Forced Derate events they are designed to prevent from recurring, and that Genera’s projections and cost requests are grounded in unit-level failure history, root-cause analysis, and accepted reliability methodology (including Equivalent Forced Outage Rate metrics).

The record also shows that Genera is actively pursuing federal funding where available, while recognizing that not all activities are eligible for federal reimbursement, and that Genera’s use of LTSAs and related OEM support is directed toward ensuring parts availability, technical support, and performance and availability assurances consistent with operational needs.

Finally, the record confirms that Genera maintains integrated recordkeeping and cost-tracking systems and is aligning its project cost categorization with the FERC Uniform System of Accounts to facilitate transparency, comparability, and oversight.

II. FEDERAL FUNDS: PROJECTS POTENTIALLY ELIGIBLE FOR OUTSIDE FUNDING AND “HOPEFULNESS” RANKINGS, FEDERAL COST SHARE

A. Bondholders’ assertions

1. Bondholders assert that “Genera likewise continues to propose at least \$15M in ratepayer funding for projects it expects to be covered by federal funds.”¹ They further contend that “PREB should reduce Genera’s ratepayer request where projects *may be eligible* for outside funding,”² citing Hurley’s views and asserting that “Hurley’s conclusions were later confirmed by Genera’s ‘Hopefulness Ranking’ document—produced at the Hearing Examiner’s request—in which Genera eventually admitted the likelihood of federal funding for many of its proposed ratepayer-funded projects.”³

¹ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 2.

² *Id.*, p. 53.

³ *Id.*

2. Bondholders also claim that “Genera identified approximately \$17.5M of requested projects as having a high likelihood of federal funding and admitted it had no basis to believe any would not receive federal funding,”⁴ and that “Genera nonetheless continues to seek ratepayer funding for several of these projects ...”⁵

3. Bondholders argue, in relation to the Hopefulness ranking, that “[a]lthough Cintrón testified that the projects coded ‘3’—totaling \$17.5M—have a high likelihood of federal coverage, Genera refuses to remove them from its revenue requirement until funds are obligated,”⁶ and they assert that “Genera’s requests for FEMA funding have been approved at a 96% rate, undermining Genera’s rationale.”⁷

4. Bondholders further argue that, “[i]n one example, Item 202 in the Hopefulness Ranking (Hot Section Inspection U1B), Genera seeks \$5.1M in ratepayer funds in the Optimal budget for FY2028. Updated RR, Annex.3.Tab.Projects, line 206. Even though Genera ranked that project ‘3’—meaning a high likelihood of receiving federal funding—Genera seeks approval to charge ratepayers two years before the project start, even though that would allow time to secure high-likelihood federal funding. It is neither reasonable nor prudent to seek ratepayer funding for projects that can be externally funded.”⁸

5. Bondholders contend that “Genera further admitted that even if federal funding were not obtained, there would still be multiple funding options, including seeking an emergency rate increase, tapping the Generation Maintenance Reserve (“GMR”) or Genera Reserve Account, or potentially accessing the \$750M State Revolving Fund.”⁹

6. Lastly, Bondholders assert that “[d]espite the large sums available for cost-share, Genera seeks an additional \$30M for federal cost-share in the Updated RR. The operators should draw on ER1 funds to cover FEMA cost-share, and other sources—including Commonwealth funds in the FFCIA (LUMA), reserve accounts (LUMA and Genera), and the GMR (Genera)—to cover the DOE 1% cost-share.”¹⁰

B. Genera’s response

7. **The Energy Bureau should not reduce Genera’s request for projects that *may be eligible for outside funding*:** Genera has an established track record of using all available federal funds while also recognizing program limits and constraints. Genera’s brief explains that “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,”¹¹ and that “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

⁴ *Id.*, pp. 53-54.

⁵ *Id.*, p. 54.

⁶ *Id.*, p. 102.

⁷ *Id.*

⁸ *Id.*, p. 54.

⁹ *Id.*

¹⁰ *Id.*, p. 105

¹¹ *Genera’s Initial Brief on Revenue Requirement*, p. 64.

funds,”¹² with “record evidence confirm[ing] that these federally funded generation projects are essential for the reliability of the system.”¹³

8. 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.¹⁴ While “federal funds are not unlimited,”¹⁵ “Genera is trying to maximize the federal funds that are available to citizens of Puerto Rico to do as much projects as it can”, as evidenced in its track record of “96% in approvals from FEMA for every RFR submitted.”¹⁶

9. Critically, the record reflects that “[n]ot all projects and initiatives of materials are covered by federal funds,”¹⁷ that “[s]ome parts like spare parts are not eligible for federal funding,”¹⁸ that “[i]nspections and maintenance are also not eligible for federal funding,”¹⁹ and that, even where “[s]ome IT components like purchasing the software, may be eligible for federal funds,”²⁰ “the service, the support ... the continued support for Cyber Security ... or for services in the cloud ... that’s potentially not eligible.”²¹

10. The Hopefulness list created by Genera at the hurried behest of the Energy Bureau is not a guarantee of actual funding. The record shows that the Hopefulness Ranking was produced to inform Genera’s understanding of *potential* eligibility—not as a guarantee of award—and that Genera’s filing treatment was tied to the legally and operationally relevant trigger of obligation. “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.”²² The “hopefulness” list categorizes projects using a four-level framework (Ranking 0–3),” distinguishing (i) not eligible, (ii) potentially eligible without identified funding, (iii) eligible and positioned for available pathways, and (iv) eligible with identified funds and formulation activity reflecting a high likelihood of coverage.

11. Notwithstanding, any future award of federal funding is constrained by the consolidated project list process and by funding availability, whereby PREB and PREPA determine which projects should move forward and be covered with the limited amount of federal funds. Mr. Cintrón testified that “[e]very single day, we have discussions with PREPA about funding opportunities”²³ and explained that “[w]e sit together, all three entities present the project list,”²⁴ but that “PREPA, as [the] sole recipient before FEMA, decides which projects are going to be in the consolidated plan before FEMA[,] and then those projects go to PREPA for approval and then

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*, ¶329.

¹⁵ *Id.*, ¶330.

¹⁶ *Id.*

¹⁷ *Id.*, p. 65, ¶332.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*, ¶333; *Genera Exhibit 910*, Accion Discovery Platform.

²³ *Hearing Transcript*, December 18, 2025, p. 155.

²⁴ *Id.*

we go through the process.”²⁵ Although more projects could be added to the consolidated list, it depends on PREPA and [the] availability of funds.²⁶

12. Until federal funds are in fact secured or available for the relevant projects, it is important to have other sources of funding available. In response to why it would be “necessary” to collect funds from ratepayers where there is an expectation of federal coverage, Mr. Palléns-Cruz testified: “[b]ecause the projects are needed for the system. We don’t have today, we don’t have the federal funding. We don’t know, we cannot be 100% sure what’s going to happen with the federal funding.”²⁷ Mr. Pallens continued: “[s]o then, if the funding is not approved, what will happen? The projects cannot be performed and that’s going to be a damage for the ratepayer, because we’re talking here about critical service.”²⁸

13. **It is incorrect to assume there is a large sum of readily available funds for cost share. The way access to federal funds is structured, makes a revolving federal cost share fund necessary to access federal funds:** the record reflects that federally-funded execution is often conditioned on cost-share and liquidity timing requirements that can necessitate interim recovery mechanisms. Genera’s brief states that “continued access to federal funds for scheduled or future projects requires a federal cost-share match of either 10% (FEMA) or 1% (DOE)”²⁹ and that a rider mechanism “would provide the funds needed to continue projects that are covered through federal funds.”

14. “Under current program structures, FEMA reimburses up to 90% of eligible project costs, with the remaining 10% to be funded from local sources,”³⁰ and that because “PREPA is unable to provide this match due to its financial condition under the Title III proceeding, recovery through the Provisional Rate is the only viable mechanism to satisfy this requirement and “avoid forfeiting access to millions of dollars in federal funds.”³¹

15. The record further explains that to remain eligible for subsequent disbursements “Genera must provide documented evidence of payment in full (100%) of all invoices associated with the preceding phase,”³² creating a recurring liquidity gap and “a material financing challenge”³³ that “underscores the necessity for Genera to have access to sufficient interim funding to sustain project progress”³⁴ and “ensure uninterrupted project execution.”³⁵ Furthermore, PREPA stated for the record that it is operator’s responsibility to include the federal cost share in their budgets.³⁶

²⁵ *Id.*

²⁶ *Id.*, p. 156.

²⁷ *Id.*, pp. 142-143.

²⁸ *Id.*, p. 143.

²⁹ *Genera’s Initial Brief on Revenue Requirement*, p. 64.

³⁰ *Id.*, p. 66, ¶346.

³¹ *Id.*, p. 67, ¶348.

³² *Id.*, p. 66, ¶346.

³³ *Genera Exhibit 173, Accion Discovery Platform*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*, ¶340.

16. **There is no record evidence that a two-year horizon for projected costs is excessive or that external funding will be available in time:** a two-year look-ahead is prudent because the record reflects long lead times for critical equipment and the need for funding certainty to order parts and avoid delays. Vice President of Operations, Asset Management and Fuels Department Vladimir Scutt, and Vice President of Engineering, Construction and Maintenance Joaquín Quiñoy-Ortiz, testified that: “[a] lot of these major parts is eighteen/twenty-four month lead time, right? So we have to get it ahead of time,”³⁷ and further explained that “[a]s late as maybe two years, sometimes you may be late on delivery of parts,”³⁸ while “lead times on some of these parts sometimes can go up to three years,”³⁹ which is why Genera seeks “funding approved ... to generate the requisitions: put down payments and start making orders on these long lead items”⁴⁰ so the fleet is “ready for when the outage is due to start.”⁴¹ Related testimony underscores that advance funding “builds certainty in the system”⁴² and that “the only way to be ready is by preplanning ahead,”⁴³ noting that lack of parts and funding availability is “the biggest holdup when it comes to the system.”⁴⁴

17. Bondholder’s have falsely stated that “Genera further admitted that even if federal funding were not obtained, there would still be multiple funding options, including seeking an emergency rate increase, tapping the Generation Maintenance Reserve (“GMR”) or Genera Reserve Account (12/18 Tr. 143:9-144:9, 146:15-19), or potentially accessing the \$750M State Revolving Fund (Ex.1033; 12/19 Tr. 253-55). *See infra* Part XIII.”⁴⁵

18. **Genera did not admit that, even if federal funding were not obtained, there would still be multiple funding options, including seeking an emergency rate increase, tapping the Generation Maintenance Reserve (“GMR”) or Genera Reserve Account, or potentially accessing the \$750M State Revolving Fund:** in response to hypothetical questions by Bondholder counsel Corey Brady as to how Genera would cover costs in a scenario where no federal funds were awarded for projects in the Hopefulness list, Mr. Pállens-Cruz, Genera’s Vice President of Environmental, Health, Safety, Emergency and Regulatory, stated that:

MR. COREY BRADY, ESQ.: Yeah, so let's talk about that other hypothetical that you just posited. So if, contrary to Genera's expectations of a high likelihood of receiving federal funds, for some reason federal funds are not received on the project, and you didn't collect ratepayer funds, there are, in fact, other sources of monies that Genera could draw on to advance that project, right?

MR. RICARDO PALLENS-CRUZ: Well, if... No, I will say no. ...

MR. COREY BRADY, ESQ.:

³⁷ *Hearing Transcript*, November 21, 2025, p. 58.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*, p. 59.

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 54.

Well, that's right. One thing you could do is come back to the Energy Bureau, as you mentioned. Another thing you could do is allocate funds from the GMR, right?

MR. RICARDO PALLENS-CRUZ: We asked for two things. GMR also has specific uses but it's not, you know, unlimited funding. We're going to be using also GMR for the allowed purposes. So, we're going to be letting things aside to do another thing so, you know, I don't think that's prudent either.

...

MR. COREY BRADY, ESQ.:

In addition to the GMR, another account that Genera has is the reserve account under the GOMA, right?

MR. RICARDO PALLENS-CRUZ:

We have a reserve account, yes.⁴⁶

19. As evident from the exchange quoted above, it is inherently false that Genera “admitted” there could potentially be multiple funding options for projects not covered by federal funds. It is a gross mischaracterization of the record to blatantly state that Genera admitted these assertions when the record plainly shows otherwise. More egregiously still, Bondholders again falsely claimed that Genera admitted to the potential availability of a \$750M State Revolving Fund. The record citation attributed to Genera was an exchange between Bondholder’s counsel Corey Brady and LUMA’s Chief Capital Programs and Grid Transformation Officer, Pedro Meléndez-Meléndez.

MR. COREY BRADY, ESQ.: And then we also discussed yesterday the renewal and expansion of a \$750 million working capital account the Commonwealth maintains to fund Energy System Projects, you recall--

ENG. PEDRO MELENDEZ-MELENDEZ: We didn't name it as working capital account, but it was discussed a loan --⁴⁷

20. In contrast, in response to direct questions by Bondholder’s counsel to Genera related to the \$750M revolving facility, Ms. Sánchez-Brás, Genera’s CFO, clearly stated she was not aware of the fund.

MR. COREY BRADY, ESQ.: Are you aware of a recently established \$750 million dollar revolving facility established by the Commonwealth for a short-term funding of energy system projects?

MS. MARÍA SÁNCHEZ-BRÁS: Mr. Brady, I have to be very honest. I don't know. I don't know about that one.

MR. COREY BRADY, ESQ.: You don't know.

⁴⁶ *Hearing Transcript, December 18, 2025*, pp. 143-146.

⁴⁷ *Hearing Transcript, December 19, 2025*, p. 253.

MS. MARÍA SÁNCHEZ-BRÁS: No.⁴⁸

21. The hearing record reflects the Hearing Examiner’s focus on maintaining a credible record and on avoiding reliance on unsupported assertions “for the truth of the matter asserted,”⁴⁹ emphasizing that evidentiary principles—while not necessarily “binding”⁵⁰—remain relevant to “common sense, fairness, [and] a record that can be ... credible.”⁵¹

22. Moreover, **no Genera witness testimony cited in Bondholders’ brief establishes, as a factual matter, that these theoretical “options” are available, adequate, or timely substitutes** for obligated federal funds or for approved rate recovery. Accordingly, Bondholders’ counsel’s characterization of purported “multiple funding options”⁵² is not supported by testimony from a Genera official establishing that these mechanisms are presently available, certain, or sufficient for the projects at issue.

23. Finally, the record does not support the notion that NME can simply be shifted to GMR as a substitute. The record reflects that GMR has “specific uses,”⁵³ is “not... unlimited funding,”⁵⁴ and that reallocating it to cover other needs would mean “letting things aside to do another thing,”⁵⁵ which Mr. Pállens-Cruz stated, “I don’t think that’s prudent either.”⁵⁶ Accordingly, the record supports that maintaining planned NME funding on a forward-looking basis—rather than assuming uncertain and potentially unavailable external funding or attempting to backfill with a limited GMR—is a prudent approach consistent with the operational lead times and reliability needs reflected in the transcript.

24. Throughout this rate case, Genera has consistently shown its commitment to eliminate any cost or project where federal funds become available and obligated. Likewise, Genera has testified before the Energy Bureau that it has commitment to continuing to eliminate any costs that, in the future, are obligated and can be borne with federal funds.⁵⁷

⁴⁸ *Hearing Transcript, December 18, 2025*, p. 151.

⁴⁹ *Hearing Transcript, December 19, 2025*, p. 422.

⁵⁰ *Id.*, p. 425.

⁵¹ *Id.*

⁵² *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement (Unredacted)*, p. 54.

⁵³ *Hearing Transcript, December 18, 2025*, p. 144.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Hearing Transcripts: November 18, 2025*, p. 123; *November 20, 2025*, p. 371; *December 18, 2025*, p. 122; *December 19, 2025*, p. 276.

III. LONG-TERM SERVICE AGREEMENTS

A. Bondholders' assertions

25. Bondholders argue that “[t]he record shows that the costs of the [... Tesla Utility Solar Battery Project and Siemens and GE Peakers] LTSAs are speculative, lack supporting evidence, and/or are otherwise unnecessary. They should therefore be rejected.”⁵⁸

26. As to the Tesla BESS LTSA, Bondholders contend that “the only evidence of this LTSA is a draft contract dated January 10, 2025,”⁵⁹ and further assert that the draft is “incomplete and missing key exhibits necessary to understand the scope of Tesla’s duties and maintenance schedule,”⁶⁰ and that the “proposed costs associated with the Tesla LTSA are far too speculative to charge to ratepayers.”⁶¹

27. Bondholders also argue that “[t]he draft is also incomplete and missing key exhibits necessary to understand the scope of Tesla’s duties and maintenance schedule, which Futch admitted were ‘relevant to understanding whether the contract is reasonable and prudent.’”⁶² Consistent with those assertions, the transcript reflects Mr. Futch’s testimony that the highlighted document “was Genera’s draft that was provided to Tesla,”⁶³ and that he had not received “a counter draft back from Tesla” “[t]o the best of my knowledge.”⁶⁴ The transcript further reflects Mr. Futch’s admission that “knowing the scope of scheduled maintenance provided by Tesla or not under this agreement is relevant to understanding whether the contract is reasonable and prudent.”⁶⁵

28. Bondholders similarly challenge the Siemens and GE peaker LTSAs, stating that “[t]his materially incomplete, still-to-be-negotiated-and-analyzed, one-sided LTSA should not be funded by ratepayers,”⁶⁶ and that “[r]atepayers cannot be charged for these unsupported draft contracts.”⁶⁷ Bondholders also criticize assumed Mayagüez maintenance costs, stating that “no contract has been negotiated, and Genera is simply assuming—without basis—that negotiations will eventually transpire,”⁶⁸ and conclude that “Genera has failed to carry its burden as to the LTSAs.”⁶⁹

B. Genera’s response

29. **LTSAs are a standard, reliability-driven tool to secure OEM support, parts availability, and performance and availability assurances for critical equipment, and the**

⁵⁸ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 55.

⁵⁹ *Id.*

⁶⁰ *Id.*, p. 56.

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Hearing Transcript, December 12, 2025*, p. 186.

⁶⁴ *Id.*

⁶⁵ *Id.*, p. 201.

⁶⁶ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 56.

⁶⁷ *Id.*, p. 57.

⁶⁸ *Id.*

⁶⁹ *Id.*

LTSA costs proposed in the Revenue Requirement are part of an ongoing negotiation that should be finalized once the batteries and peakers are installed and operational. The record establishes that LTSAs are not speculative; they are in active negotiations, were part of the BESS RFP, and are an essential part of adequate equipment functioning and guarantees. Once the batteries are installed and operational, the LTSAs should be in place.⁷⁰

30. “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.”⁷¹ LTSA’s also provide cost-stability: “[w]hat tends to happen is you lock-in a price ... if you don’t do this... it will probably cost you about 30%/40% more” and, in a market with increasing demand and constrained support capacity, “[t]he LTSA helps you guarantee that.”⁷²

31. Engineer Joaquin Quiñoy-Ortiz, Genera’s Vice-President of Engineering, Construction and Maintenance, testified about the importance of LTSA’s, “[y]ou’re either sole provider of everything and you do it yourself or you seek out contracts or partnerships... with companies —just like we referred, 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.”⁷³ “[A]n LTSA helps maintain the unit in the best working order” and “ensures that you have support from a manufacturer so that your unit comes back reliably as soon as possible.”⁷⁴

32. With respect to the peakers LTSAs, the record shows that Genera’s estimates were grounded in the engineering team’s forward-looking assessment of OEM service arrangements and the allocation of responsibilities between Genera’s in-house teams and OEM technical support. Eng. Quiñoy-Ortiz testified that “[o]ur engineering team was performing an estimate based on future contracts, LTSAs, with Siemens for the GT800 and more than likely with General Electric for the LMs. So we’re looking at actually negotiating contracts with both of the companies for long-term service agreements that would include parts, services and the required equipment that is needed for maintaining the equipment.”⁷⁵

33. Related testimony also explains the operational structure: “[t]he 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.”⁷⁶

⁷⁰ *Hearing Transcript, December 12, 2025*, pp. 227-234.

⁷¹ *Genera’s Initial Brief on Revenue Requirement*, pp. 41-42, ¶190.

⁷² *Id.*, p. 41, ¶189; *Hearing Transcript, November 18, 2025*, pp. 407-408.

⁷³ *Genera’s Initial Brief on Revenue Requirement*, p. 41, ¶188.

⁷⁴ *Id.*, ¶189.

⁷⁵ *Id.*, ¶186; *Hearing Transcript, November 18, 2025*, pp. 387-388.

⁷⁶ *Genera’s Initial Brief on Revenue Requirement*, pp. 41-42, ¶190.

34. As to the Tesla BESS LTSA, the hearing record supports that the LTSA concept was tied to warranty/service requirements in the procurement structure, not merely an optional add-on. Mr. Futch, Genera’s General Counsel, testified: “Tesla in their proposal and 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.”⁷⁷ When asked whether it was a seller requirement, he confirmed: “[y]es, it was a requirement of the seller and it’s in the equipment supply contract. It was also a request in the structure of the RFP itself.”⁷⁸ The record further explains the connection to extended warranty terms: “we negotiated extended warranty terms... it goes hand in hand with having the maintenance for the batteries,”⁷⁹ and that “[t]here 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.”⁸⁰ So as part of the equipment warranty, Genera is required to have the extended service or LTSA.⁸¹

35. Finally, while the record confirms that certain LTSA materials were in draft form and that negotiations were ongoing, it also reflects that these are “very complex processes,”⁸² that there is “regular communication,”⁸³ and that the primary focus at the time had been the equipment supply and delivery process. Further, while the final, detailed scope of scheduled maintenance contract may be reasonable and prudent for Genera to know before contract execution, the question before the Energy Bureau is not a determination on those details, but whether a budget allocation should be made, which would allow the parties to move forward and conclude those negotiations.

36. Mr. Quiñoy-Ortiz, citing the Energy Bureau expert report of Eng. Justo González, testified that “LTSA tend to be good contracts and agreements... with the OEMs”⁸⁴ because “[t]hey have the technical expertise,”⁸⁵ “they can guarantee the operation of the units accordingly,”⁸⁶ and “it’s giving you the right rating; it’s giving you the right availability.”⁸⁷

IV. REPAIRS / CONVERSIONS OF OUTDATED GENERATORS AND RELATED PROJECT CHANGES

A. Bondholders’ assertions

37. Bondholders contend that “Genera failed to prove that its original proposal to spend hundreds of millions in ratepayer funds to repair and convert ancient generators was just and reasonable,”⁸⁸ focusing on San Juan (“SJ”) Units 7–10 and asserting that “Genera has a financial incentive to convert plants to natural gas, because its parent company sells natural gas in Puerto

⁷⁷ *Id.*, p. 42, ¶191; *Hearing Transcript, December 12, 2025*, p. 206.

⁷⁸ *Id.*

⁷⁹ *Id.*, p. 42, ¶192; *Hearing Transcript, December 12, 2025*, pp. 207-208.

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Hearing Transcript, December 12, 2025*, p. 177.

⁸³ *Id.*

⁸⁴ *Hearing Transcript, November 18, 2025*, pp. 388-389.

⁸⁵ *Id.*, p. 389.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement (Unredacted)*, p. 57.

Rico,”⁸⁹ and that “Genera’s costly gas-conversion proposals aligned with NFE’s profit-driven strategy, but they were not a prudent use of funds.”⁹⁰

38. Bondholders further assert that “SJ Units 7-10 are dilapidated and outdated,”⁹¹ that “Genera’s witness called these units ‘super old’ and admitted their condition is ‘relatively poor,’”⁹² and argue that “[p]ouring hundreds of millions of ratepayer dollars into these relics—rather than purchasing new, more-efficient generators—would have been unjustified”⁹³

39. Bondholders contend that Genera failed to carry its burden for many other proposed projects, asserting that Eng. Quiñoy-Ortiz —after providing a sworn ROI response and attaching a list of proposed projects (Ex. 361)—“testified multiple times during cross that he knew nothing about the details of various listed projects,”⁹⁴ and that such testimony “does not meet the statutory standard for collecting ratepayers’ money.”⁹⁵

40. Similarly, Bondholders contend that “Genera’s requested Peakers expenses are unreasonable.”⁹⁶ Bondholders assert that “Genera originally proposed a substantial Peakers project that would have resulted in 5 new gas-turbine generators at 50MW/each, and 8 reciprocal-engine generators at 18MW/each, for a total capacity of 400MW.”⁹⁷ Bondholders further assert that “Genera originally claimed the project would cost ~\$800M and would be federally funded.”⁹⁸ And Bondholders maintain that, more recently, Genera has reduced the project’s capacity while increasing its cost.

B. Genera’s response

41. **Conversions of San Juan Units 7, 8, 9 and 10 would result in additional available generation load when needed as well as savings in fuel costs:** the record confirms that Genera’s current position is that it “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.”⁹⁹ Citing Annex 5, Changes on Genera’s Filing Schedule as filed on January 9, 2026 by LUMA as part of ‘*Motion Submitting Revised Revenue Requirement*’ and Genera Exhibit 887, Tab D-2 Constrained, lines 111 and 225.

42. Genera does not dispute that, under the constrained scenario, “there are no rate payer funds being sought for the San Juan 8 and 10 . . . conversion projects.”¹⁰⁰ Separately, the record reflects that the work on the remaining San Juan units has already shifted toward federal funding. During the hearing, Commissioner Ramos-Soeagaard referenced that “7 and 9 are being

⁸⁹ *Id.*, p. 58.

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.*, pp. 58-59.

⁹³ *Id.*, p. 59.

⁹⁴ *Id.*, p. 61.

⁹⁵ *Id.*

⁹⁶ *Id.*, p. 60.

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Genera’s Initial Brief on Revenue Requirement*, p. 40, ¶183.

¹⁰⁰ *Id.*, p. 22, ¶73.

fixed by DOE funds that came in after the petition,”¹⁰¹ in the context of whether that development would modify the previously discussed \$125 million “repair and conversion” estimate. The record likewise reflects testimony from Eng. Quiñoy-Ortiz that Unit 7 “is being repaired now under federal funds,”¹⁰² with the witness estimating that the amount subject to federal funds is “over... I believe it’s over \$25 million.”¹⁰³

43. The hearing testimony supports that the conversions can yield direct ratepayer benefits in reliability and fuel costs. When asked about “the conversions of San Juan Units 8 and 10” and “the benefit, if any, to the ratepayers,” Eng. Vladimir Scutt testified that “[t]he benefit... for the ratepayer is... more of having the load when we need it,”¹⁰⁴ and he estimated that it would be cheaper to ratepayers because of fuel costs and when comparing to San Juan 5 and 6, the savings could be about 20% to 30% percent.¹⁰⁵

44. Genera submits that, in a system facing ongoing reliability concerns and persistent capacity shortfalls, it is reasonable and prudent—not an unreasonable use of ratepayer funds—to add approximately 80 MW of dependable capacity from conversions. Additional capacity directly mitigates the risk of load shed, improves operational flexibility during forced outages and maintenance, and supports system resilience during peak conditions. Moreover, Genera submits that even with the incremental 80 MW, together with the Cambalache additions and the approximately 200 MW associated with the combined-cycle resources, Puerto Rico would still remain below the capacity levels needed to satisfy adequate reserve requirements, underscoring that incremental capacity is necessary to close a documented reliability gap rather than an optional or excessive expenditure.¹⁰⁶

45. **Genera carried its burden of supporting the need for its IT/OT projects.** Bondholder’s misrepresent the record in relation to the IT/OT projects challenged as Bondholders’ premise omits that Eng. Joaquin Quiñoy was not offered as the subject matter expert for IT/OT-specific line items; rather, when asked about “OTDCS Upgrades and Standards,” he clarified that “that belongs to our ITOT VP, and he will be here ... as a witness,”¹⁰⁷ and, when pressed, Eng. Quiñoy-Ortiz confirmed that he did not have the specific IT/OT detail, but rather Mr. Héctor Vázquez-Figueroa.¹⁰⁸ Consistent with that clarification, the record shows that the IT/OT witness—Mr. Héctor Vázquez-Figueroa—did in fact testify on IT/OT budgets, confirming that Genera presented “two different budgets” (a CAPS budget and an operational ITOT budget) and that while the costs were “gross approximations,” they were “based on feedback from some of our subject matter experts ... with relevant information that make it pretty accurate.”¹⁰⁹

46. **Genera’s Peaker project is essential for system reliability, covered with federal funds and approved by the Energy Bureau.** Bondholders’ empty critique fails to explain how

¹⁰¹ *Hearing Transcript, November 18, 2025*, p. 207.

¹⁰² *Id.*, p. 274.

¹⁰³ *Id.*

¹⁰⁴ *Id.*, p. 307.

¹⁰⁵ *Id.*, p. 308.

¹⁰⁶ *Hearing Transcripts, November 18, 2025*, pp. 135-136; *November 21, 2025*, pp. 36-37.

¹⁰⁷ *Hearing Transcripts, November 20, 2025*, pp. 408.

¹⁰⁸ *Id.*

¹⁰⁹ *Hearing Transcript, December 2, 2025*, pp. 62-63.

adding additional, efficient, rapid-response generation MW—intended to address reliability concerns and capacity deficiencies—could be deemed “unreasonable,”¹¹⁰ particularly where the purpose is to improve system adequacy and resilience at lower costs. Moreover, Genera submits that if the project were abandoned, Genera would have to reimburse federal funds already expended, creating avoidable financial harm and undermining the very federal-funding objectives Bondholders invoke. Allowing the Bondholders' request would be extremely detrimental to ratepayers. It would result in the loss of secured federal funds and force ratepayers to pay GE and Siemens for equipment that has already been purchased and is still being manufactured.¹¹¹

V. EXECUTABILITY

A. Bondholders' assertions

47. Bondholders contend that “Genera’s proposed expenses also raise executability concerns,” asserting that, “[a]s of June 2025, Genera had 63 ongoing federally- and non-federally-funded [CAPEX] projects totaling \$1.2B, 37 of which—representing \$106M—were not completed and already past their anticipated completion date by an average of 243 days,” and that “Genera also faces a shortage of skilled workers, along with higher-than-normal employee absentee rates, which Genera’s witness recognized decreases its ability to execute.”¹¹²

48. Bondholders further assert that “[t]hese executability concerns are especially acute given Genera’s dramatic ramp-up in requested funding,”¹¹³ citing that Genera’s prior Optimal proposal for maintenance-project funding “exceeded \$767M,”¹¹⁴ which they characterize as “more than [a] 9x increase”¹¹⁵ over Genera’s FY2025 actual spend, and arguing that even the updated request “still represents a 6x increase from FY2025, which is not executable.”¹¹⁶

B. Genera’s response

49. The record reflects that “executability” is not a one-directional concept and that the Energy Bureau must manage the competing risks of approving too much that cannot be executed versus approving too little of what must be executed to protect reliability. As Hearing Examiner Mr. Hempling explained, “given the risks associated with overspending on what’s not executable or underspending on what is executable, how can we do to minimize both of those risks?”¹¹⁷

50. Consistent with that framing, Genera’s witnesses have described that the budgets presented were prepared at a prudence driven minimum level while still meeting statutory and contractual requirements. For example, Mr. Palléns testified: Each budget has been carefully tailored to meet the necessary requirements... within statutory standards and prudent utility

¹¹⁰ *Bondholders' Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 60.

¹¹¹ *Hearing Transcript, November 21, 2025*, p. 23.

¹¹² *Bondholders' Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 61.

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ *Id.*, p. 62.

¹¹⁷ *Hearing Transcript, November 17, 2025*, p. 234.

practice... At the same time, it was prepared at the minimum feasible level to affect the ratepayer as less as we can.¹¹⁸

51. The record further shows that Genera’s filing structure reflects operational sequencing and differentiated treatment between (i) planned, asset-specific work and (ii) flexible, reliability-driven O&M needs—an approach that supports executability by aligning activities with known schedules and allowing targeted responsiveness.¹¹⁹

52. NME costs “consists of pre-scheduled, asset-specific maintenance activities based on established outage calendars, condition assessments, OEM-recommended intervals, and environmental compliance mandates,”¹²⁰ and distinguishes that work from GMR, which supports “activities that are not tied to specific planned projects but are essential to sustain unit reliability and avoid unanticipated forced outages...”¹²¹

53. The record also reflects that Genera’s prioritization approach is explicitly oriented toward reliability outcomes, repeat event prevention, and executability relevant prioritization: “linked relevant NME projects to the FO and FDR events they are designed to prevent from reoccurring,”¹²² and “Genera’s prioritization process is explicitly reliability-driven.”¹²³

54. In addition, the record reflects that the Constrained scenario, implemented on most department budgets, is expressly designed to defer or suspend certain initiatives beyond the three-year rate period—another executability control that aligns spend with feasible execution under known constraints.

55. For example, Mr. Vázquez-Figueroa testified that “in establishing the proposed Constrained Budget... several projects from the Optimal Budget were deferred,”¹²⁴ and that “Investments in OT DCS upgrades, EMP hardening, NERC compliance, and OPGW upgrades were suspended beyond the current three-year rate case period.”¹²⁵

56. **The record does not support Bondholders’ assertion that Genera faces a shortage of skilled workers that would affect its ability to execute.** Bondholders’ reliance on “labor constraints” and “higher-than-normal employee absentee rates”¹²⁶ mischaracterizes the hearing testimony, because the questioning directed to Eng. Vladimir Scutt was expressly framed as a hypothetical, general proposition, not a factual finding about Genera. In that exchange, when counsel pressed Eng. Scutt to answer whether higher absenteeism “will affect the executability of capital projects,”¹²⁷ the Hearing Examiner clarified: “[i]t’s a ‘Yes’ or ‘No’ question in theory. It may not be a ‘Yes’ or ‘No’ question in terms of its application to you. Is that correct?”¹²⁸ and Eng.

¹¹⁸ *Genera’s Initial Brief on Revenue Requirement*, p. 60, ¶300.

¹¹⁹ *Id.*, p. 37, ¶¶160-161.

¹²⁰ *Id.*, p. 37, ¶160.

¹²¹ *Id.*, p. 36-37, ¶157.

¹²² *Id.*, p. 17, ¶45.

¹²³ *Id.*, p. 18, ¶46.

¹²⁴ *Id.*, p. 56, ¶273.

¹²⁵ *Id.*

¹²⁶ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 61.

¹²⁷ *Hearing Transcript, November 20, 2025*, pp. 126-127.

¹²⁸ *Id.*, p. 127.

Scutt responded: “I agree with you.”¹²⁹ The same colloquy reflects that Eng. Scutt conditioned his answers (“Yes, if we had higher absenteeism. But it depends on what department they’re in”)¹³⁰ and explained that Operations is focused on “operating the units,” not capital project execution.¹³¹ Accordingly, the transcript shows a theoretical point—explicitly limited by the Hearing Examiner—not an admission that Genera’s actual absenteeism “decreases its ability to execute.”

57. The record is further clarified by the testimony of Genera’s HR executive, Jennifer Witeczek, who addressed the “nationwide shortage of skilled workers”¹³² directly. When asked whether there is evidence that the shortage is affecting Genera’s ability to hire, she stated: “I don’t feel comfortable in answering a ‘Yes’ or a ‘No,’ because we fill our positions.”¹³³ The Hearing Examiner then distilled the point, confirming that “you are not facing problems right now because of the shortage,”¹³⁴ to which Ms. Witeczek answered: “It is correct.”¹³⁵ She further confirmed that Genera is nevertheless preparing for future constraints through apprentices and training programs.¹³⁶ In addition, Ms. Witeczek explained that Genera’s labor budgeting is based on “actuals,” shift-based estimates, open positions, and employer-incurred costs, with a cost-of-living factor applied year-over-year—demonstrating that Genera’s labor planning is grounded in operational staffing realities rather than speculation.¹³⁷

VI. GENERA IT/OT, EMERGENCY / RESERVE ACCOUNTS, AND LEGAL BUDGET

A. Genera IT/OT

1. Bondholders’ assertions

58. As related to the I/OT budget, Bondholders argue that, under the Constrained Budget, “Vazquez-Figueroa admitted these are ‘gross approximations’ not based on historical costs, and that Genera has not quantified their accuracy,”¹³⁸ and they contend that Genera chose “a comprehensive modernization strategy”¹³⁹ without quantifying deferral risks, concluding that “Genera’s increased IT/OT costs should be denied.”¹⁴⁰

59. Likewise, Bondholder’s take issue with a \$250K EMP hardening project alleging it is intended to protect assets from “speculative risks”.¹⁴¹

¹²⁹ *Id.*

¹³⁰ *Id.*, p. 125.

¹³¹ *Id.*

¹³² *Hearing Transcript, November 25, 2025, p. 37.*

¹³³ *Id.*

¹³⁴ *Id.*, p. 38.

¹³⁵ *Id.*

¹³⁶ *Id.*

¹³⁷ *Id.*, pp. 22-23.

¹³⁸ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement (Unredacted)*, p. 79.

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*, p. 100.

2. Genera's response

60. **Genera's IT/OT costs were determined by the feedback of subject matter experts in the field, vendor input, market feedback and knowledgeable internal and external sources.** The hearing record confirms that Genera presented distinct IT/OT budgets for "CAPS" and "a separate ITOT budget," described as "[t]he operational budget..." and the witness agreed that "both of these budgets, the CAPS budget and the OPEX budget, the costs therein are gross approximations."¹⁴² In the same exchange, however, the witness clarified that while the estimates are "not based on historical costs," they are "based on feedback from some of our subject matter experts ... [that] have relevant information that make it pretty accurate."¹⁴³

61. Consistent with that testimony, Genera's testimony explains that "[t]he IT/OT investment estimates ... were developed as gross approximations," and that "[t]he methodology relied primarily on the professional judgment and experience of the IT/OT Management Team ... [and] vendor input and general market feedback,"¹⁴⁴ with that "combination of internal expertise and external feedback"¹⁴⁵ providing "the basis for establishing prudent estimates in the absence of fully scoped project specifications or finalized procurement processes."¹⁴⁶

62. The record further addresses the "no overlap" issue directly: Genera responded that "[t]here 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,"¹⁴⁷ explaining that "certain projects—although labeled under NME—are IT/OT initiatives that directly support or impact NME projects at individual Generation sites,"¹⁴⁸ and identifying "only one individual project labeled as IT/OT PI System Updates (\$7.5M)"¹⁴⁹ under that framework.

63. On deferral and modernization, the record also reflects that Genera evaluated alternatives and articulated the operational and risk implications of deferral: "[w]hile maintaining legacy systems or implementing only partial upgrades could reduce near-term costs, these approaches would materially increase current and future operational, compliance, and cybersecurity risks,"¹⁵⁰ and "Genera's selected full modernization strategy mitigates these risks, ensuring operational excellence, regulatory adherence, and sustainable fleet performance."¹⁵¹

64. The broader record similarly frames IT/OT modernization and hardening as part of the reliability bridge required during system transition: "[a]s Puerto Rico transitions ... legacy units must remain reliable until replacement resources are available. Investments in unit

¹⁴² *Hearing Transcript, December 2, 2025*, p. 63.

¹⁴³ *Id.*

¹⁴⁴ *Genera Exhibit 206*, Accion Discovery Platform.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Genera's Initial Brief on Revenue Requirement*, p. 55, ¶270.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.*

¹⁵⁰ *Genera Exhibit 208*, Accion Discovery Platform.

¹⁵¹ *Id.*

rehabilitation, IT/OT modernization, and asset hardening are therefore essential to bridge the transition and maintain resource adequacy and availability.”¹⁵²

65. Finally, the hearing record supports that cybersecurity and OT vulnerabilities are treated as core drivers of Genera’s IT/OT priorities and the EMP hardening project is a crucial part of this plan. “Our concern is highly the inherited state of our OT operations. And those are the ones that we are providing projects to be able to address and to be able to protect going forward. So, those are our highest critical concerns right now.”¹⁵³ Electromagnetic pulses (EMPs) are bursts of electromagnetic radiation that can significantly impact electrical and electronic systems. While natural EMPs can be caused by solar flares and lightning, man-made EMPs are typically associated with nuclear detonations, non-nuclear EMP weapons, and high-powered microwave devices. The effects of a nuclear EMP on electrical generation assets can be catastrophic. An EMP can damage or destroy control systems, sensors, and other electronic components within power plants. Likewise, it can induce currents in power lines, leading to transformer damage or failure. A widespread nuclear EMP event could potentially disable large portions of the electrical grid, leading to prolonged power outages and significant economic and societal impacts. To questions from Bondholders’ counsel regarding the need for funds to cover this vulnerability (“EMP hardening assessment is strictly necessary to operate Puerto Rico’s electricity system?”) Ms. María Sánchez-Brás testified that “...[i]t is necessary, that’s why it exists.”¹⁵⁴

B. Emergency reserve / reserve account

1. Bondholders’ assertions

66. Bondholders state that “LUMA’s and Genera’s OMAs create two separate emergency reserve accounts, each for \$30M”¹⁵⁵ and that “Genera separately requests \$30M to replenish its own Reserve Account.”¹⁵⁶ They also argue that “[t]he record shows this multiplicity of emergency accounts to be unnecessary,”¹⁵⁷ referencing overlapping sources of working capital and emergency funding.

2. Genera’s response

67. **There is no “overlap” of sources of working capital and emergency funding. Genera’s various working capital accounts, including its reserve account, NME, and GMR have different purposes and permitted uses.** The OMA expressly establishes the Reserve Account and its purpose. Section 7.6(d)(i) provides that Owner shall establish one or more “Reserve Account” from which Operator “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 approved by Administrator and

¹⁵² *Genera Exhibit 267*, Accion Discovery Platform.

¹⁵³ *Hearing Transcript*, December 2, 2025, pp. 314-315.

¹⁵⁴ *Hearing Transcript*, December 18, 2025, p. 245.

¹⁵⁵ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 80

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

PREB,” and also “may draw funds ... to pay for any shortfalls in the required funding of any other Service Account.”¹⁵⁸

68. The Energy Bureau created an Emergency Account through the Provisional Rate Order. Ms. Sánchez-Brás addressed the Energy Bureau created ERA mechanism, stating: “I think we should have just a Reserve Account that we have in our OMAs”¹⁵⁹ and identified the practical problem as PREPA’s inability to source “those 30 millions”¹⁶⁰ for replenishment, urging to “have a mechanism” so “we can replenish the accounts.”¹⁶¹

69. Genera further clarifies that Genera’s Reserve Account is not an Emergency Reserve Account. The Reserve Account is a dedicated contractual reserve established pursuant to Section 7.6(d) of the LGA OMA, and it exists to allow Genera to “pay for costs in connection with Forced Outages, Force Majeure Events or Owner Fault”¹⁶² (and related approved items), with distinct funding and replenishment mechanics under the LG OMA. By contrast, the “Emergency Reserve Account” discussed in the record is a separate, system-wide regulatory mechanism contemplated by the Energy Bureau to be implemented through a rider structure.¹⁶³

70. The hearing record confirms that Genera is not requesting any “additional 2%” reserve for excess expenditures: the “excess reserve ... is specifically a LUMA 2%, it is not a system 2%,”¹⁶⁴ and it is “strictly for the LUMA budget.”¹⁶⁵ When Bondholders’ counsel followed up on whether Genera had “proposed a similar 2% reserve for excess expenditures,” Ms. María Sánchez-Brás confirmed: “[w]e have not.”¹⁶⁶ At the same time, the record makes clear that Genera’s Reserve Account is not an “Emergency Reserve Account”; it is a contractual Reserve Account with defined purposes and categories.

C. Legal budget (contingencies)

1. Bondholders’ assertions

71. Regarding Genera’s legal budget, the Bondholders assert that “[t]he sole difference between Optimal and Constrained for Genera’s legal budget is the elimination of contingencies.”¹⁶⁷ and recommend that “PREB should set Genera’s legal budget at the Constrained level, at most, because ratepayers should not be charged upfront for unsupported contingencies.”¹⁶⁸

¹⁵⁸ *PREB Consultants Exhibit 952*, p. 923; *Genera Exhibit 479*, Accion Discovery Platform; *Genera’s Initial Brief on Revenue Requirement*, p. 37, ¶162.

¹⁵⁹ *Hearing Transcript, December 5, 2025*, p. 335.

¹⁶⁰ *Id.*

¹⁶¹ *Id.*, pp. 335-335.

¹⁶² *PREB Consultants Exhibit 952*, p. 923.

¹⁶³ *Hearing Transcript, December 5, 2025*, pp. 332-333; 355-357.

¹⁶⁴ *Hearing Transcript, December 9, 2025*, p. 69.

¹⁶⁵ *Id.*, p. 71.

¹⁶⁶ *Id.*, p. 106.

¹⁶⁷ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement (Unredacted)*, p. 71.

¹⁶⁸ *Id.*

2. Genera's response

72. **Genera's Optimal budget for legal is needed to manage costs associated with expected and supported contingencies.** The record reflects that Genera's Legal Services line item expressly includes litigation-related exposure and contingency, along with employment/labor matters that management views as less controllable and predictable. "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..."¹⁶⁹ These categories are "less controllable and predictable"¹⁷⁰ than more routine outsourced services as the budgets are based on the probability of third-party actions. The record further explains the operational and prudence rationale for maintaining essential legal functions while calibrating contingency: "[e]ssential legal functions—including services related to contracting, environmental, regulatory, corporate, employment/labor, litigation and compliance areas... permit Genera to fulfill its responsibilities and prudently prepare for and manage risk."¹⁷¹ "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,"¹⁷² and that "[t]he constrained budget, in particular, reflects reduced contingency and flexibility to adapt to new risk and developments."¹⁷³

73. Additionally, the record includes a quantified discussion of "contingency" within the legal professional/technical outsourced services. "The constrained scenario includes the same reductions anticipated in the Optimal Scenario but at a steeper initial rate, as well as a reduction in contingency for unexpected issues (e.g., reduced need for internal investigations, OMA compliance issues and others) over the three-year period."¹⁷⁴ The response then provides that, for FY2026–FY2028, "the additional amounts incorporated for the optimal versus constrained budgets applicable to professional and technical outsourced legal services were \$700,000, \$450,000, \$200,000, respectively,"¹⁷⁵ and that "[t]hese amounts were spread across contracts, procurement, compliance, investigations, and general corporate services, and reflect contingency related to the increased company activity under the optimal budget."¹⁷⁶

74. The record likewise confirms that this "contingency" is likely to be incurred and not merely hypothetical; it in fact includes items that have already materialized as concrete needs and costs—including **3PPO-related services** incurred between initial budget formation and ROI response submission and other non-deferrable support functions required by the current operating environment.¹⁷⁷ The record states that professional and technical outsourced services include "OMA compliance, 3PPO services," among other items.¹⁷⁸ It further explains that FY2026

¹⁶⁹ *Genera's Initial Brief on Revenue Requirement*, p. 48, ¶228.

¹⁷⁰ *Id.*

¹⁷¹ *Id.*, pp. 48-49, ¶234.

¹⁷² *Id.*, p. 49.

¹⁷³ *Id.*

¹⁷⁴ *Genera Exhibit 888*, Accion Discovery Platform.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*; *Genera's Initial Brief on Revenue Requirement*, p. 49, ¶¶234-235.

¹⁷⁸ *Genera's Initial Brief on Revenue Requirement*, p. 48, ¶226.

“includes funding associated with a vendor settlement,”¹⁷⁹ which is “not required in FY2027 or FY2028,”¹⁸⁰ underscoring that certain other “contingencies” have already come to fruition and are being addressed as front-loaded or one-time costs.¹⁸¹

75. Finally, Genera’s record support also includes affirmative statements regarding prudence and cost control: “[t]he proposed Legal budget cost is no higher than the level required by prudent utility practice,”¹⁸² and “Genera’s legal team has cut its budget significantly since 2023 and continues to pursue cost efficiencies,”¹⁸³ 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).”¹⁸⁴

VII. POTENTIAL CONFLICTS OF INTEREST

A. Bondholders’ assertions

76. Bondholders assert that “[t]he hearing revealed self-dealing between LUMA/Genera and their affiliates,” and further claim that “Genera indicated [that it] may divert excess ratepayer funds to employee bonuses.”¹⁸⁵

77. Bondholders also contend that “NFE, Genera’s parent company, [is] selling billions in natural gas to the Puerto Rico generators that Genera operates,”¹⁸⁶ and that “[a] 2024 NFE investor presentation”¹⁸⁷ purportedly shows NFE planned to convert units to natural gas “so that it can earn more profits.”¹⁸⁸ Bondholders further assert that Genera witnesses “confirmed that Genera requested ratepayer funds to convert generation units to natural gas,”¹⁸⁹ thereby “attempting to carry out NFE’s profitable plan using money collected from ratepayers,”¹⁹⁰ and they allege that “Genera has a history of consistently and massively overestimating—nearly every month—the natural gas it will consume”¹⁹¹ at facilities supplied by NFE. Bondholders add that “[r]atepayers must pay for such excess nominations—even though the natural gas is unused—unless the supplier is able to sell it and credit the invoice.”¹⁹²

78. Bondholders further claim that “the record shows multiple instances where the P3A did not require a competitive bidding process or 3PPO did not oversee the contract process and Genera did not perform arm’s-length negotiations—thus resulting in a non-competitive contract

¹⁷⁹ *Id.*, ¶233.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*, p. 49, ¶236.

¹⁸³ *Id.*, ¶237.

¹⁸⁴ *Id.*

¹⁸⁵ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 84.

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*, pp. 84-85.

¹⁹¹ *Id.*, p. 85.

¹⁹² *Id.*

between Genera PR and a corporate affiliate.”¹⁹³ As an example, Bondholders allege that “the P3A did not conduct any bidding process with respect to operation of the TM generation units, which allowed Genera PR to contract with an affiliate and bypass a market-driven process,”¹⁹⁴ and further assert that Genera agreed to contracts “that include pass-through expenses, where no entity other than Genera has approved”¹⁹⁵ the affiliate’s expenses, and that Genera “neglected to perform 3PPO-required RFPs to assure against markups.”¹⁹⁶ Bondholders further contend that “[t]he operators’ alleged safeguards against conflicts have noticeable gaps.”¹⁹⁷

B. Genera’s response

79. Genera respectfully requests that the Energy Bureau **disregard and afford no probative weight** to any reference to, or argument premised on, the 2024 New Fortress Energy (“NFE”) investor presentation, as that document was **not admitted through sworn testimony, was not authenticated, and was prepared by a non-party for purposes unrelated to this adjudicative proceeding**. As Genera explained in its *Motion for Reconsideration of the January 16, 2026 Resolution and Order as to Exhibit 962*, the admission of this investor-facing presentation—without the procedural safeguards of authentication or cross-examination—**fails to satisfy the indicia of reliability and procedural fairness required for evidence relied upon in an administrative adjudication**, even under flexible evidentiary standards, and creates a substantial risk of unfair prejudice and confusion by attributing to Genera statements made by a separate legal entity for a different audience and purpose. Accordingly, and consistent with the Hearing Examiner’s clarification that the evidentiary record must be confined to materials properly admitted or afforded administrative notice, the Bureau should disregard Exhibit 962 in its entirety when rendering its determinations in this proceeding.

80. Likewise, Genera respectfully requests that the Energy Bureau **strike (or, in the alternative, disregard) any reference** to the *Motion to Vacate* filed in *In Re: Plan Prioritario Para la Estabilización de la Red Eléctrica*, Case No.: NEPR-MI-2024-0005 on December 29, 2025, because it is neither an order nor a determination issued by the Energy Bureau in this docket and was not admitted into evidence or otherwise designated for administrative notice. During the hearing, counsel clarified that the operative framework was understood to rest on “resolution[s] and orders issued by the Energy Bureau,” and “[n]ot other submissions”.¹⁹⁸

81. **The record reflects that there are sufficient and multilayered governmental safeguards to manage any alleged organizational conflict of interest between Genera and its affiliates.** The current framework is grounded on (i) an OCI framework adopted into and enforced through the LGA OMA and the Energy Compliance Certificate process, and (ii) procurement “guardrails” that place affiliate-related fuel procurement outside Genera’s unilateral discretion.”¹⁹⁹ The CEO testimony “(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

¹⁹³ *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ *Hearing Transcript, December 1, 2025*, p. 326.

¹⁹⁹ *Genera’s Initial Brief on Revenue Requirement*, p. 42.

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.”²⁰⁰

82. “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”²⁰¹, but “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.”²⁰²

83. The OCI framework is not merely aspirational; the record describes specific structural safeguards that place affiliate-related procurement functions outside Genera’s control and preserve independent oversight. Genera’s brief states that “[c]urrent safeguards are in place,”²⁰³ including “Independent Procurement Authority” under which “[a]ll NFE fuel supply contracts are to be procured through the P3A/3PPO process,”²⁰⁴ and further clarifies that “[o]ne natural gas supply contract was already in place before Genera assumed operational responsibility,” while later contracts “are subject to the same OCI procedure where external governmental entities as well as an independent third party are responsible for their procurement.”²⁰⁵

84. The OCI policy also describes concrete controls over process and information access. It provides that “on and after the Service Commencement Date, a 3PPO, as designated by the P3 Authority, will be responsible for conducting procurement activities and contract administration activities”²⁰⁶ where affiliates may participate. It further requires that “[t]he 3PPO will also be required to store such information in physical and electronic locations that are inaccessible to Genera employees and the employees of Genera’s Affiliates,” and that “[t]hese physical and electronic files will be made available for inspection at any time by P3 and COR3 upon their request.”²⁰⁷

85. The record also states that “[f]uel 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.”²⁰⁸ Accordingly, “[t]here are multiple guardrails” that “ensure accountability by Genera,” including “(1) thorough OCI policies” with “the government of Puerto Rico through P3A and a 3PPO with final determination authority” for affiliate procurements, “(2) Energy Bureau oversight” (including budget evaluation/determination

²⁰⁰ *Id.*

²⁰¹ *Id.*, p. 43, ¶197.

²⁰² *Id.*, ¶198.

²⁰³ *Id.*, ¶199.

²⁰⁴ *Id.*

²⁰⁵ *Id.*; *Genera Exhibit 900.1*, Accion Discovery Platform.

²⁰⁶ *Genera Exhibit 900.1*, Accion Discovery Platform.

²⁰⁷ *Id.*

²⁰⁸ *Genera’s Initial Brief on Revenue Requirement*, p. 43, ¶199.

and quarterly reporting on key initiatives), and “(3) FOMB oversight” (including filing of reports and approvals of budgets and applicable projects).²⁰⁹

86. Bondholders’ argument improperly attempts to attribute to Genera alleged deficiencies in P3A’s procurement oversight and decision-making process.²¹⁰ As a threshold matter, Genera is not responsible for P3A’s level of involvement or the procedures P3A elects to use, and Bondholders’ criticism is therefore misdirected to the extent it seeks to penalize Genera for actions (or omissions) by a governmental entity. Moreover, P3A is not a party to this rate review docket, and Bondholders’ allegations about what P3A “did” or “did not” do fall outside the proper scope of this proceeding and the Bureau’s adjudication of Genera’s revenue requirement. The relevant inquiry here is whether Genera’s requested costs are reasonable and prudent under the applicable statutory standards and the record developed in this case—not to litigate, in this forum, disputes regarding P3A’s procurement process or oversight practices.

87. **The transfer of the TM2500 units to Genera was a decision by the Government of Puerto Rico including PREPA and P3A.** As to any allegations related to the handling of the TM2500’s, the hearing record reflects that the TM2500 transfer and assignment was not an initiative or decision made by Genera. When asked, “[d]id Genera have a choice on whether they would receive the TM2500 units?”²¹¹ Mr. Pállens-Cruz answered: “[n]o. At that moment, neither Genera; neither the ratepayers. It was a matter of the mission assignment ending one day. And the day after, we needed to have in place an operator capable in place to keep running the units. It was a matter of hours. So, and obviously, it was a direct request from PREPA... answering your question, for several reasons, we didn’t have choices.”²¹² The same testimony confirms that “both PREPA and the P3A were part of the discussions to assign those units to Genera?” — “Yes.”²¹³ Separately, the record establishes that when an affiliate sold the TM2500 units to PREPA, and counsel asked, “[a]nd was Genera involved in that sale at all?” the witness responded: “[n]o”.²¹⁴

88. In sum, while Bondholders characterize the record as showing “self-dealing”²¹⁵ and potential diversion of funds, the record evidence cited by Genera reflects a defined OCI standard, an OCI policy approved through the Energy Compliance Certificate process and incorporated into Genera’s procurement governance, and a procurement structure (P3A/3PPO and FOMB oversight, protected files, and quarterly compliance reporting) that is expressly designed to prevent affiliate-related conflicts from being acted upon in a manner adverse to consumers.

89. **Genera does not divert excess ratepayer funds for employee bonuses.** Bondholders’ assertion that “Genera indicated they may divert excess ratepayer funds to employee bonuses”²¹⁶ misstates the hearing record. Genera submitted Genera Exhibit 1030 LFE whereby Genera clarified employee bonus structure and the fact that it is already included in the budget. “Bonus payments are incorporated into Genera’s budget process, are funded exclusively from the

²⁰⁹ *Id.*, pp.43-44, ¶200.

²¹⁰ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), pp. 84-85.

²¹¹ *Hearing Transcript, November 25, 2025*, p. 278.

²¹² *Id.*, p. 279

²¹³ *Id.*, p. 278.

²¹⁴ *Id.*, p. 251.

²¹⁵ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 84.

²¹⁶ *Id.*

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."²¹⁷

90. Any proposal by Genera to convert units is driven by public-policy and reliability objectives, is subject to Energy Bureau oversight, and is intended to be federally funded where feasible. The LGA OMA structure that allows incentives for both ratepayers and Genera for savings associated with fuel costs is an integral part of the Government of Puerto Rico's policy to transition to cleaner and cheaper sources of energy. The posture in Genera's CEO testimony is that (our translation: "[t]he purpose of Genera is to convert... bring plants to burn natural gas to produce savings; that is our objective"), and that the goal is (our translation: "to seek savings so that ratepayers pay less for... fuel consumption") because (our translation: "natural gas is the cheapest fuel") compared to other fuels.²¹⁸ He further testified that Genera follows Government direction— (our translation: "if, for example, the Governor asks us to do projects to change fuels, then we do so")—while also confirming that the Energy Bureau has "independent authority" and that Genera would request PREB authorization before spending money on such projects.²¹⁹ In addition, the CEO testified that Genera has (our translation: "the intention... is to perform the conversions and pay for them with federal funds... our intention is that if a conversion is going to be done, it should not cost the ratepayers anything"),²²⁰ even if certain amounts must be included (our translation: "as a matter of processing").²²¹ Finally, the record reflects that the Bureau has, in fact, approved certain federally funded projects (our translation: "within the rate with federal funds"), confirming that federal-funded project implementation proceeds through the Bureau's regulatory process rather than through unilateral operator discretion.

91. The record reflects that Genera's approach to fuel conversions is responsive to the Government's public policy direction while remaining subject to the Energy Bureau's independent approval authority. Genera's CEO testified: (Translation supplied: "I specifically said that if, for example, the Governor asks us to do projects to change fuels, then we do so.")²²² He then confirmed that the Energy Bureau has "independent authority to authorize projects separate from the Governor" (Translation supplied: "Yes"),²²³ and agreed that "even if the Governor tells you that you should convert units to natural gas, you would request that PREB authorize those projects before you actually spend any money on them" (Translation supplied: "Correct").²²⁴

92. Excess fuel nominations do not result in excess charges to rate payers. Bondholders' "excess nominations" theory incorrectly assumes that an over-nomination

²¹⁷ *Genera Exhibit 1030*, Accion Discovery Platform.

²¹⁸ *Hearing Transcript*, December 8, 2025, p. 101.

²¹⁹ *Id.*, p. 103.

²²⁰ *Id.*, p. 196.

²²¹ *Id.*, pp. 208-209.

²²² *Id.*, p. 113.

²²³ *Id.*

²²⁴ *Id.*, pp. 113-114.

automatically results in an excess charge to ratepayers.²²⁵ The hearing record reflects the opposite: when Commissioner Ramos-Soegaard asked how Genera ensures that, if there are “excess nominations” and a supplier could “sell that gas” so that “the ratepayers not get charged for that gas,”²²⁶ Eng. Vladimir Scutt testified that in “my last... invoice... I did see the credit there,”²²⁷ and explained that when Genera “nominate[s] a certain amount of fuel for some reason we have a unit that is forced out... for a few weeks,”²²⁸ Genera contacts the suppliers so the fuel can be sold elsewhere; “they were... pretty good at selling it off. So we never got charged for it, and we always got the credit for it.”²²⁹ He further testified that Genera reviews nominations and fuel usage “daily”²³⁰ to ensure that “what we actually consume is what we get charged for,”²³¹ and that “there’s never an overrun or an excess”²³² (as he described it) because Genera maintains “a good handle on exactly what we use daily.”²³³ Accordingly, Genera Exhibit 1084.1 (which Bondholders cite) does not establish that ratepayers were charged for gas that was not used; the transcript testimony reflects that excess nominations associated with forced outages are addressed through supplier resale/credit mechanisms and invoice review so that customers are not charged for unused gas.

VIII. INTER-UTILITY COOPERATION

A. Bondholders’ assertions

93. Bondholders assert that “inter-utility disputes are becoming more prolific, not less”,²³⁴ that they “take time, resources, and ratepayer funds”²³⁵ and that “[c]ustomers should not pay for the entities’ inability to cooperate—PREB must ensure they focus on the statutory mandate rather than their individual interests.”²³⁶

B. Genera’s response

94. In general terms, Genera and LUMA have had good inter-utility cooperation in exchanging information related to forecasting demand and consumption.²³⁷

95. Even though Genera has been working closely with LUMA on the Peaker and BESS projects, establishing structured coordination processes focused on interconnection studies, MTRs and system integration planning, more recently, both entities have been holding technical meetings

²²⁵ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 85.

²²⁶ *Hearing Transcript, December 8, 2025*, p. 288.

²²⁷ *Id.*, pp. 288-289.

²²⁸ *Id.*, p. 289.

²²⁹ *Id.*

²³⁰ *Id.*

²³¹ *Id.*, pp. 289-290.

²³² *Id.*, p. 290.

²³³ *Id.*

²³⁴ *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (Unredacted), p. 87.

²³⁵ *Id.*

²³⁶ *Id.*, p. 88.

²³⁷ *Genera’s Initial Brief on Revenue Requirement*, p. 44, ¶204.

to reach a final agreement on interconnection upgrades and MTRs required for the execution of both projects.²³⁸

IX. CONCLUSION

For the FY26–FY28 rate period, the record supports that Genera’s requested revenue requirement reflects a reliability-driven, reasonable set of expenditures that are necessary to operate the legacy fleet safely and effectively while Puerto Rico transitions to other cleaner sources of energy generation. Genera’s project portfolio and budgeting approach are grounded in a structured prioritization framework tied to system reliability outcomes—linking NME projects to FO/FDR drivers and distinguishing between pre-scheduled, asset specific maintenance (NME) and emergent, reliability driven needs (GMR).

The record confirms that Genera’s budgets were carefully tailored within prudent utility practice and prepared at the minimum feasible level to limit ratepayer impact while still meeting statutory and contractual obligations and executability. The record recognizes the Bureau’s obligation to minimize the competing risks of “overspending on what’s not executable or underspending on what is executable,” and shows that the constrained scenario, as sought for most of Genera’s departments, functions as an execution control by deferring or suspending certain initiatives beyond the three-year rate case period.

Bondholders’ federal funding critiques do not negate the record basis for Genera’s approach or need. While Genera has demonstrated a strong federal-funds track record, has sought to “maximize the federal funds” available, and has sought to eliminate ratepayer funding when federal funds become obligated, the record confirms that “federal funds are not unlimited” and that material categories of work and associated costs are not eligible (e.g., inspections/maintenance, certain spare parts, and recurring support services such as cybersecurity and cloud support). Further, the record shows that the Hopefulness List was prepared to inform potential eligibility—not to guarantee award—and that Genera’s filing treatment properly turned on the operative trigger of obligation, not on the unknown of a “high likelihood” characterization. Critically, the record reflects the harm to reliability of prematurely removing projects from the revenue requirement where funds are not secured with federal funds, given the necessity of the projects for system needs and the risk of detriment to ratepayers if they are not pursued when critical for reliability of service. The record also clearly establishes that federal execution is conditioned on timing and liquidity constraints—especially cost-share and proof-of-payment requirements—supporting interim recovery mechanisms to avoid forfeiting access to federal funds and to sustain uninterrupted project execution.

The record likewise supports the operational purpose of LTSAs and rejects the notion that their value is “speculative”. The hearing testimony explains that OEM LTSAs can “guarantee parts on time,” “troubleshoot” issues, and provide performance/availability guarantees—while also enabling price certainty and avoiding higher costs associated with ad hoc support. The record further reflects that Genera’s peaker LTSA estimates were developed as part of forward-looking OEM service planning—negotiating with Siemens/GE for parts, services, and required

²³⁸ *Hearing Transcript, November 14, 2025*, pp. 123-124. *Genera Exhibit 24*, pp. 23-25.

equipment—while using internal teams for daily maintenance and relying on OEMs for technical support and specialized expertise. And for Tesla BESS, the record supports that a LTSA (or authorized provider) was required in the equipment supply contract and RFP structure and was linked to extended warranty requirements.

As to legacy conversions, the record confirms that Genera’s current position removes ratepayer funding for the conversions of San Juan Units 7–10 and Cambalache 1, and Bondholders themselves acknowledge the updated filing reflects that removal. Notwithstanding, with proper Energy Bureau approval, Genera would seek to pursue these conversions as they result in important savings for ratepayers.

With respect to IT/OT, the record establishes that CAPS and OPEX were informed by subject matter expert feedback and developed through professional judgment, vendor input, and market feedback “in the absence of fully scoped project specifications.” The record also confirms there is “no overlap” between the Projects budget IT/OT costs and the IT/OT/CAPS budgets, and further explains why modernization mitigates operational, compliance, and cybersecurity risks—while the transcript underscores that Genera has its “own cybersecurity” program and that inherited OT vulnerabilities are among its “highest critical concerns.”

The record supports Genera’s positions on the contractual right to Reserve Account funding, legal contingency, and OCI safeguards. The LGA OMA expressly establishes a \$30 million Reserve Account for costs connected with Forced Outages, Force Majeure Events, Owner Fault, and approved Capital Spare Parts, including replenishment requirements.

Finally, the record reflects that Legal Services includes litigation exposure (including contingency) and employment/labor matters that are less predictable but likely to be incurred, and the record quantifies contingency-related differences between optimal and constrained outsourced legal services.

As to the alleged conflicts of interest, the Energy Bureau must disregard and afford no probative weight to any reference to, or argument premised on, the 2024 New Fortress Energy investor presentation. As the record reflects in the CEO testimony, the LGA OMA dispositions, “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.” These provisions clearly define the OCI and policy framework, as well as the procurement/oversight guardrails—including independent procurement authority through P3A/3PPO and FOMB oversight, protected information controls, and quarterly compliance reporting—designed to prevent any affiliate-related OCI from being acted upon to the detriment of consumers.

For these reasons, and based on the record citations above, the Energy Bureau should reject Bondholders’ proposed reductions and characterizations to the extent they would (i) prematurely remove or underfund reliability-critical projects and activities before federal funds are obligated/available, (ii) deny funding for standard OEM service structures (including LTSAs) that are tied to parts availability, technical support, and availability assurances, (iii) disregard the

proposed budget scenarios' built-in deferrals and prioritization mechanisms, or (iv) mischaracterize Genera's contractual, accounting, and compliance frameworks.

Exhibit 2

***RESUMEN EN ESPAÑOL DE LA RÉPLICA DE GENERA AL ALEGATO DE LOS BONISTAS
SOBRE REQUERIMIENTO DE INGRESOS***

**RESUMEN EN ESPAÑOL DE LA RÉPLICA DE GENERA AL ALEGATO DE LOS BONISTAS
SOBRE REQUERIMIENTO DE INGRESOS**

1. Genera presenta su Réplica para atender los señalamientos de los Bonistas relacionados con el requerimiento de ingresos propuesto para los años fiscales 2026-2028, sosteniendo que los costos solicitados son prudentes, necesarios y razonables para mantener la confiabilidad y seguridad del sistema de generación.
2. La Réplica se fundamenta en el récord evidenciario desarrollado durante las vistas administrativas, incluyendo testimonios bajo juramento, respuestas a requerimientos de información, exhibits admitidos y órdenes procesales del Negociado y del Oficial Examinador.
3. Genera aclara que su metodología presupuestaria responde a un proceso estructurado y ascendente (“*bottom-up*”) vinculado a necesidades operacionales reales, métricas de confiabilidad y prácticas prudentes de la industria de servicios públicos eléctricos.
4. En cuanto a fondos federales, Genera explica que ha demostrado un historial consistente de maximizar el uso de financiamiento externo, pero reconoce que no todos los proyectos, materiales o servicios son elegibles ni existe garantía de adjudicación hasta que los fondos estén formalmente obligados.
5. Genera señala que la lista preparada durante las vistas evidenciarías titulada “*Hopefulness Ranking*” fue un ejercicio informativo para evaluar elegibilidad potencial y no una confirmación de otorgamiento de fondos, por lo que resulta prudente mantener proyectos críticos dentro del requerimiento tarifario hasta que exista obligación formal.
6. La Réplica enfatiza que eliminar prematuramente proyectos por expectativa de fondos externos podría afectar la confiabilidad del sistema, dada la incertidumbre en tiempos de aprobación, disponibilidad presupuestaria y requisitos de pareo (“*cost-share*”).
7. Genera explica que el pareo federal y los requisitos de liquidez crean brechas de financiamiento temporeras que requieren mecanismos de recuperación interina para no perder acceso a fondos federales ni retrasar proyectos esenciales.
8. Respecto a los Acuerdos de Servicio a Largo Plazo (LTSA), Genera sostiene que constituyen una práctica estándar orientada a asegurar disponibilidad de piezas, apoyo técnico especializado, tiempos de respuesta y estabilidad de costos, y que su negociación en curso no los convierte en especulativos.
9. La evidencia demuestra que los LTSA están vinculados a garantías de manufactura, disponibilidad de inventario crítico y métricas de desempeño, elementos necesarios para mantener unidades de generación en condiciones operacionales confiables.
10. En relación con reparaciones y conversiones de unidades antiguas, Genera aclara que, bajo el escenario restringido, no solicita fondos de tarifa para ciertas conversiones, y que múltiples proyectos han sido trasladados a financiamiento federal, reduciendo impacto al cliente.
11. Genera argumenta que añadir capacidad confiable, cuando es viable, contribuye a mitigar riesgos de apagones, reducir costos de combustible y fortalecer la resiliencia del sistema durante la transición energética.

12. Sobre ejecutabilidad, Genera destaca que sus presupuestos incorporan controles de priorización, diferimientos estratégicos y separación entre mantenimiento programado (NME) y necesidades emergentes (GMR), lo cual alinea gasto con capacidad real de ejecución.
13. La Réplica aclara que no existe evidencia en el récord que demuestre una escasez actual de personal que impida la ejecución de proyectos; por el contrario, testimonios reflejan capacidad de reclutamiento y programas de capacitación en curso.
14. En materia de IT/OT y ciberseguridad, Genera explica que los estimados se desarrollaron con criterio profesional y con la contribución de expertos internos y proveedores, respondiendo a vulnerabilidades heredadas y riesgos operacionales identificados.
15. Genera sostiene que la modernización tecnológica y medidas de protección, incluyendo evaluaciones de “*EMP hardening*”, son inversiones necesarias para proteger infraestructura crítica y garantizar continuidad operacional.
16. Respecto a cuentas de reserva y emergencia, Genera aclara que existen propósitos y marcos contractuales distintos, sin superposición indebida, y que dichas cuentas permiten atender salidas forzadas, eventos de fuerza mayor y piezas capitales críticas.
17. En cuanto al presupuesto legal, Genera indica que incluye contingencias razonables para litigios, asuntos laborales, cumplimiento regulatorio y riesgos imprevisibles, manteniendo controles de eficiencia y reducción de costos cuando es posible.
18. Sobre alegados conflictos de interés, Genera expone que existen salvaguardas estructurales y políticas formales de “*OCP*”, así como supervisión de entidades gubernamentales y procesos de adquisición independientes que limitan cualquier discreción unilateral.
19. Genera rechaza la caracterización de que fondos de tarifa se desvíen para bonificaciones a empleados, aclarando que las compensaciones laborales están incorporadas dentro de presupuestos aprobados y responden a prácticas de mercado y retención de talento.
20. La Réplica también aclara que nominaciones de combustible en exceso no implican cargos indebidos a los clientes, ya que existen mecanismos de crédito, reventa y conciliación de facturas documentados en el récord.
21. Genera destaca que su enfoque combina confiabilidad del sistema, prudencia fiscal y mitigación del impacto tarifario, incluyendo eliminación de costos cuando se aseguran fondos federales y aplicación de escenarios híbridos o restringidos cuando es apropiado.
22. En conclusión, Genera solicita que el Negociado rechace las reducciones propuestas por los Bonistas en la medida en que pondrían en riesgo proyectos críticos, financiamiento federal o mecanismos de control presupuestario, y que determine que el requerimiento de ingresos propuesto es necesario para operar un sistema eléctrico seguro, adecuado, confiable y eficiente conforme a la ley aplicable.