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

IN RE: LUMA INITIAL BUDGETS AND RELATED TERMS OF SERVICE	**CASE NO.:** NEPR-MI-2021-0004 **SUBJECT:** Resolution of Genera's Motion Requesting FY2027 and FY2028 Budget Authorization for Consent Decree-Mandated Environmental Outages; Allocation of $4,015,000 for FY 2027 from the Unallocated Balance of the FY26 Reconciliation Amount

RESOLUTION AND ORDER

I. Background

The Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), acting pursuant to its authority under Act 57-2014,[1] reviews and establishes the annual budgets applicable to Genera PR LLC ("Genera"), as operator of the Legacy Generation Assets of the Puerto Rico Electric Power Authority ("PREPA") under the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA").[2] The Fiscal Year ("FY") 2027 and FY 2028 budgets approved within this framework rely on the revenue requirements approved by the Energy Bureau in the *Final Resolution and Order on Electricity Rates* issued on April 15, 2026 in Case No. NEPR-AP-2023-0003 ("Final Rate Order").[3]

The Final Rate Order addressed the costs that Genera associates with the consent decree entered in March 1999 by the United States District Court for the District of Puerto Rico among PREPA, the United States Department of Justice and the United States Environmental Protection Agency ("EPA") in Civil Action No. 93-2527 (CCC), as later modified ("Consent Decree"), in two distinct places. The first is Genera's Environmental Department operating budget. Genera's Vice President of Environment, Energy, Health and Safety and Regulatory testified that the department's budget is "needed to pay for Consent Decree stipulated penalties, negotiate a new consent decree with EPA" and to fund the training the Consent Decree requires,[4] and the Energy Bureau approved the Environmental Department's non-labor operating budget at $10,169,905 for FY 2026, $10,303,153 for FY 2027 and $10,390,964 for FY 2028.[5] Within that department, the Regulation and Environmental Inspection line[6] was approved as petitioned, at $5,172,500 for FY 2026, $5,206,625 for FY 2027 and $5,206,625 for FY 2028, with a rate-period adjustment of zero.[7] The Energy Bureau

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

[2] *Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement* dated January 24, 2023, executed by and among PREPA, Genera and the Puerto Rico Public-Private Partnerships Authority ("LGA OMA"), admitted in Case No. NEPR-AP-2023-0003 as PC Ex. 952.

[3] *Final Resolution and Order on Electricity Rates*, *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. NEPR-AP-2023-0003, April 15, 2026 ("Final Rate Order").

[4] Direct Testimony of Ricardo Palléns Cruz on behalf of Genera PR LLC, June 30, 2025, Genera Ex. 29, at 2, 5 and 8, Case No. NEPR-AP-2023-0003.

[5] Final Rate Order, Chapter Four, p. 91 (Approved EEHS Nonlabor O&M).

[6] cover[s] mandatory permit fees, consent decree stipulated fines, waste and sludge industrial waste disposal, and environmental audits" and "mandatory third-party environmental audits and regulatory compliance inspections

[7] Final Rate Order, Chapter Four, pp. 85, 92 and 131 (Summary of approved Generation revenue requirement, line "Regulation and environmental inspection"). Genera's witness confirmed in discovery that Consent Decree stipulated penalties "are tracked and budgeted under the Environmental Department's Regulation and Environmental Inspection budget item." Genera Response to Request of Information PC-of-GENERA-OTH_OPEX-73, October 14, 2025, at 3, Case No. NEPR-AP-2023-0003.

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found that "[t]he 1999 Consent Decree drives four categories of nonnegotiable compliance costs: stipulated fines and penalties, mandatory training, regulatory and environmental inspections, and Continuous Emission Monitoring Systems reporting," and that the approved three-year Environmental budget "is adequate to address outstanding violations and avoid future enforcement actions, including EPA-ordered unit shutdowns."[8]

The second is Genera's capital program. Genera proposed the Consent Decree environmental outages of its steam units as discrete projects within its Necessary Maintenance Expense ("NME") program, in Schedules D-1 and D-2 of its filing schedules, rather than within the Environmental Department's operating budget.[9] The Final Rate Order recognized that Genera "requests budgets for environmental outages at $11.5 million (FY27) covering multiple units, to address compliance requirements under the Environmental Protection Agency (EPA) Consent Decree,"[10] and evaluated those projects under the three-category federal-funding framework established in Chapter One of that Order, under which "[c]apital projects should be charged to customers only as a last resort" and a cost component with a demonstrated federal pathway is excluded from base rates "unless the petitioner demonstrates that no federal pathway exists."[11] At the Hearing Examiner's direction, Genera had submitted a ranking of each proposed capital project by its own assessment of federal-funding likelihood (Genera Ex. 910).[12] In that exhibit Genera defined Rank 1 as "Eligible – No Available Funds have been identified from any federal source" and Rank 3 as "Eligible – Federal Funds identified and in formulation process. These projects have a high likelihood of being covered with federal funds."[13] Genera classified the environmental outages at Costa Sur Unit 6 and Aguirre Unit 2 at Rank 3, and the environmental outages at Costa Sur Unit 5, San Juan Units 7 and 9, Palo Seco Units 3 and 4 and Aguirre Unit 1 at Rank 1.[14] Genera classified no environmental outage as ineligible.

On October 31, 2025, after informing the Energy Bureau that it had secured approximately $258 million in additional federal funding, Genera filed revised schedules that removed from its ratepayer-funded request the projects covered by obligated federal funds, among them the Costa Sur Unit 6 environmental outage and the Aguirre Unit 2 environmental maintenance project.[15] Genera confirmed in discovery that the Costa Sur Unit 6 outage "is still expected to proceed," that "the work remains necessary to comply with the PREPA/EPA Consent Decree," and that the project had been obligated under federal funds.[16] The Final Rate Order excluded the remaining environmental outages from base rates as Category Two projects on the basis of Genera's own Rank 1 classification, describing the Rank 1 group as including "environmental compliance outages" and finding that "Genera's own assessment

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[8] Final Rate Order, Chapter Four, pp. 91–92.

[9] Direct Testimony of Joaquín Quiñoy Ortiz on behalf of Genera PR LLC, June 30, 2025, Genera Ex. 24, at 12–14 (environmental outages of $11.5 million in FY 2027 and $8 million in FY 2028); Genera Ex. 22.3 REV – Genera's Filing Schedules Rev. 10.29.2025, Schedule D-2-Constrained, lines 43–44, 88–89, 127–128 and 137–138, Case No. NEPR-AP-2023-0003.

[10] Final Rate Order, Chapter Four, p. 39.

[11] Final Rate Order, Chapter One, pp. 11–12; Chapter Four, pp. 45 and 53.

[12] Final Rate Order, Chapter One, p. 11; Chapter Four, p. 53.

[13] Genera Ex. 910 (Genera Hopefulness Ranking), Legend, Case No. NEPR-AP-2023-0003. Genera defined Rank 0 as "Not Eligible" and Rank 2 as "Eligible – PREPA agreed to include these projects as part of FEMA's Consolidated List or the State Revolving Fund if approved by PREB."

[14] Genera Ex. 910, entries for Schedule D-2 lines 43 (Environmental Outage Costa Sur 6, Rank 3), 44 (Environmental Outage Costa Sur 5, Rank 1), 88 (Environmental Outage Unit 9, Rank 1), 89 (Environmental Outage Unit 7, Rank 1), 127 (Environmental Outage Unit 3, Rank 1), 128 (Environmental Outage Unit 4, Rank 1), 137 (Aguirre Unit 1 – Environmental Maintenance Project, Rank 1) and 138 (Aguirre Unit 2 – Environmental Maintenance Project, Rank 3).

[15] *Motion in Compliance with Order to Inform of Revised Budget Spreadsheets and Submission of Updated Genera Exhibit 22.3 REV*, October 31, 2025, ¶¶ 1, 5 and 8, and Annex 1 (Summary of Adjustments Table), Summary sheet, rows 8–9 and 28–29, Case No. NEPR-AP-2023-0003.

[16] Genera Response to Request of Information PC-of-GENERA-GEN-46, November 26, 2025, at 1–2, Case No. NEPR-AP-2023-0003.

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establishes a demonstrated federal pathway for each of these projects,"[17] and listed each of them in Appendix G to that Order.[18]

On June 15, 2026, the Energy Bureau issued in this docket a Resolution and Order titled *Presentation of the FY2026 Budgets, Amendment of the FY2027 Budget, Establishment of LUMA and Genera Contingency Accounts, and Disposition of Genera's June 9 Motion* ("June 15 Order"), through which it established contingency reserve accounts for LUMA, Genera, and PREPA funded from the FY26 Reconciliation Amount and determined that a balance of $37,747,153 of the FY26 Reconciliation Amount remained unallocated, subject to further disposition by the Energy Bureau.[19] On August 15, 2026, the Energy Bureau issued a Resolution and Order titled *Determination Regarding Payment for Temporary Generation Procurement* ("August 15 Order"), in which it restated the budgetary principle that governs requests such as the present one: "[t]he absence of a specific budget item identifying a particular procurement or independent procurement entity does not, standing alone, establish a need for additional revenues or a budget increase. To the extent necessary, the entity responsible should first utilize available funds, contingencies, or appropriate reallocations within its approved budget," and "[t]he responsible entity must first identify and utilize available budgetary resources, including reasonable reallocations where appropriate, before seeking additional funding."[20] On October 1, 2026, the Energy Bureau issued a Resolution and Order titled *Genera's Request to Restore TM2500 Units 3 and 4 at Palo Seco; Approval of $6,050,000 in Repairs Funded from the FY2026 Reconciliation Amount* ("October 1 Order"), through which it approved an amendment to the FY 2027 budget to include $6,050,000 in Genera's budget for the restoration of those units, funded from the unallocated balance of the FY26 Reconciliation Amount (the "Unallocated Balance").[21]

On September 2, 2026, Genera filed a document titled *Motion Requesting FY2027 and FY2028 Budget Authorization for Consent Decree-Mandated Environmental Outages* (the "September 2 Motion"). Genera requests prospective budget authorization, in an aggregate amount of up to $7,300,000, for four environmental outages required under the Consent Decree: Costa Sur Unit 5 ($1,825,000, FY 2027), Palo Seco Unit 4 ($2,190,000, FY 2027), Palo Seco Unit 3 ($1,460,000, FY 2028) and San Juan Unit 7 ($1,825,000, FY 2028).[22] Genera states that the Air Compliance Attachment to the Consent Decree requires PREPA to "conduct an Environmental Outage and a thorough Environmental Outage Operations and Preventive Maintenance inspection using Checklists, at least every eighteen months at each Generating Unit," that the failure to conduct one is a Tier II air violation subject to stipulated penalties, and that the applicable compliance windows close in November 2026 for Costa Sur Unit 5 (with an extension requested from EPA through January 2027), April 2027 for Palo Seco Unit 4, November 2027 for Palo Seco Unit 3 and January 2028 for San Juan Unit 7.[23] Genera does not request authorization for the San Juan Unit 9 environmental outage because, as Genera states, that work is being performed with the Department of Energy federal funds.[24] Genera asserts that it "has not identified existing FY2027 or FY2028 funds that can reasonably be reallocated within the generation budget," that the outages are not eligible for FEMA Public Assistance, and that other federal funding is not presently available for them.[25] Genera states

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[17] Final Rate Order, Chapter Four, pp. 46 and 55.

[18] Final Rate Order, Appendix G, pp. 1 (Environmental Outage Costa Sur 5), 3 (Environmental Outage Unit 9 and Environmental Outage Unit 7, San Juan) and 5 (Environmental Outage Unit 3 and Environmental Outage Unit 4, Palo Seco; Aguirre Unit 1 – Environmental Maintenance Project).

[19] June 15 Order, p. 4.

[20] August 15 Order, p. 11.

[21] October 1 Order.

[22] September 2 Motion, pp. 1, 5 and 9.

[23] September 2 Motion, pp. 4–5 (quoting 1999 Consent Decree, Air Compliance Attachment ¶ B.9.c(9), p. 45, and citing ¶¶ 61(q)–62, pp. 118–119).

[24] September 2 Motion, pp. 1–2 and 6.

[25] September 2 Motion, pp. 6 and 8.

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that budget authority must be obtained at least six (6) months before each compliance window, does not premise its request on the Genera Contingency Reserve Account or on the Unallocated Balance, and asks the Energy Bureau to authorize the requested amount "net of any FY2027 or FY2028 funds that are actually available and reasonably reallocable and any federal or other public funding that is timely executable for the required work," to "authorize or confirm any reallocation the Bureau determines is available under the applicable budget framework," and to impose such reporting, reconciliation or true-up requirements as it deems appropriate to prevent duplication of recovery.[26]

II. Discussion

A. Scope of this Resolution and Order

The September 2 Motion does not seek reconsideration, modification or review of the Final Rate Order, and Genera expressly reserves that it does not.[27] It asks the Energy Bureau to administer the FY 2027 and FY 2028 budgets so that a recurring federal compliance obligation can be performed within approved budget authority. The Energy Bureau addresses it as such. Two principles already established in this docket and in the Final Rate Order frame the analysis. First, under the August 15 Order, the entity responsible for an obligation must first identify and use the budgetary resources already approved to it—including reasonable reallocations—before seeking additional funding.[28] Second, under the Final Rate Order, a capital cost with a demonstrated federal pathway is excluded from base rates unless the operator demonstrates that no federal pathway exists; the burden of that showing rests on the operator, and "[i]mplicit in the Energy Bureau's exclusion of the project from base rates is the expectation that the operator will pursue the federal pathway."[29] The Energy Bureau applies both principles below. It distinguishes between the two fiscal years at issue because the compliance windows, and therefore the time available to satisfy those principles before the work must be scheduled, differ.

B. What an environmental outage comprises, and the approved budget in which its costs reside

The Consent Decree environmental outage can be described as work of three kinds. The first is inspection: the Consent Decree itself requires, at each generating unit and at least every eighteen (18) months, "an Environmental Outage and a thorough Environmental Outage Operations and Preventive Maintenance inspection using Checklists," and Genera's witnesses described the outage as the calibration of the emissions-related equipment the Consent Decree covers, the inspection of the boiler and its components, and the preventive maintenance the checklists call for.[30] The second is labor: "removing slag from the boiler and cleaning water walls; washing and inspecting the superheater, reheater, air heater, economizer areas," and Genera's witnesses confirmed that the cleaning is performed by vendors under work orders and that the unit is out of service for five to six (5-6) weeks.[31] The third is the replacement of parts that the inspection shows to require it—air heater seals, baskets, casing and sector plates and, where the boiler inspection so indicates, water wall tubes and economizer sections—which Genera schedules into the outage window because the unit is already off line.[32] The three (3) components have different budgetary homes in the budgets the Energy Bureau has approved and treats them accordingly.

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[26] September 2 Motion, pp. 7–10 (Relief Requested ¶¶ 1, 3 and 4).

[27] September 2 Motion, p. 9 (Reservation of Rights).

[28] August 15 Order, p. 11.

[29] Final Rate Order, Chapter One, pp. 11–12; Chapter Four, p. 45.

[30] September 2 Motion, p. 4 (quoting 1999 Consent Decree, Air Compliance Attachment ¶ B.9.c(9)); Evidentiary Hearing Transcript, November 21, 2025, at 70–72 (Quiñoy Ortiz and Scutt), Case No. NEPR-AP-2023-0003.

[31] González Expert Report, PREB Ex. 64, at 28, Case No. NEPR-AP-2023-0003; Evidentiary Hearing Transcript, November 21, 2025, at 72–73.

[32] González Expert Report, PREB Ex. 64, at 28 ("inspecting and replacing air heater components such as seals, baskets, casing, and sector plates"; "boiler and auxiliary system inspections, and repairs"); Evidentiary Hearing Transcript, November 21, 2025, at 72–73 (air heater baskets installed at Costa Sur during the environmental outage; additional repairs performed during the outage window).

The inspection component is already provided in the approved operating budget. The Final Rate Order approved, exactly as Genera petitioned it, the Regulation and Environmental Inspection line of Genera's Environmental Department—approximately $5.2 million in each year of the rate period—to fund Consent Decree stipulated penalties, agency permit fees, industrial waste disposal, environmental audits and "regulatory compliance inspections."[33] Genera's own witness testified that the Consent Decree penalties are "tracked and budgeted" under that line,[34] and the Energy Bureau approved the Environmental Department on the finding that its budget is adequate to avoid the enforcement actions the Consent Decree authorizes.[35] The checklist inspections, equipment calibration, testing and sampling that the Consent Decree requires during an environmental outage are regulatory compliance inspections of exactly the kind that line was approved to fund, and the stipulated penalty that the line would otherwise absorb is the penalty that performing them avoids. That line is therefore the first source for the inspection component of each outage, and it is the place where, under the August 15 Order, Genera was required to look first. The labor and parts components, by contrast, are the maintenance work Genera budgeted as NME projects, which the Final Rate Order addressed under the federal-funding framework discussed in this Resolution and Order.

The September 2 Motion is silent on the Regulation and Environmental Inspection line. Genera states that it "has not identified" funds that can reasonably be reallocated within the generation budget, but it reports neither its FY 2026 actual expenditures against that line nor the balance available in it, or in the Environmental Department, for FY 2027 and FY 2028, and it does not separate the inspection, labor and parts components of the $7,300,000 it requests.[36] The Final Rate Order gives Genera the flexibility to reallocate approved funds among line items within a department, provided total departmental spending does not exceed the approved departmental amount, and requires prior Energy Bureau approval for cross-departmental reallocations above the thresholds stated in Chapter Eight of that Order.[37] A request for new budget authority that does not account for the balance in the very line approved for Consent Decree compliance inspections does not satisfy the August 15 Order. The Energy Bureau will therefore require that accounting, and will direct that the inspection component of each FY 2027 outage be charged to the Regulation and Environmental Inspection line to the extent of its FY2026 unspent balance, with the amount approved in Part II.D serving as an advance for the remainder.

C. Federal funding for the environmental outages

The Energy Bureau does not accept Genera's assertion that environmental outages are ineligible for federal funding. The assertion is contradicted by Genera's own representations to the Energy Bureau in the Rate Case and by Genera's own subsequent actions.

In Genera Ex. 910, Genera classified every one of its Consent Decree environmental outages as eligible for federal funding. It classified the Costa Sur Unit 6 and Aguirre Unit 2 outages at Rank 3—"Eligible – Federal Funds identified and in formulation process. These projects have a high likelihood of being covered with federal funds"—and the Costa Sur Unit 5, San Juan Units 7 and 9, Palo Seco Units 3 and 4 and Aguirre Unit 1 outages at Rank 1, eligible but with no federal funds yet identified.[38] Genera then did precisely what its Rank 3 classification anticipated: on October 31, 2025, it removed the Costa Sur Unit 6 and Aguirre Unit 2 outages from its ratepayer-funded request because they had been covered with obligated federal funds,[39] and the September 2 Motion itself reports that the San Juan Unit 9 outage—a Rank

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[33] Final Rate Order, Chapter Four, pp. 85 and 92.

[34] Genera Response to Request of Information PC-of-GENERA-OTH_OPEX-73, October 14, 2025, at 3.

[35] Final Rate Order, Chapter Four, p. 92.

[36] September 2 Motion, pp. 5 and 8.

[37] Final Rate Order, Chapter Four, p. 133.

[38] Genera Ex. 910, Legend and entries for Schedule D-2 lines 43, 44, 88, 89, 127, 128, 137 and 138.

[39] *Motion in Compliance with Order to Inform of Revised Budget Spreadsheets and Submission of Updated Genera Exhibit 22.3 REV*, October 31, 2025, ¶¶ 5 and 8, and Annex 1; Genera Response to Request of Information PC-of-GENERA-GEN-46, November 26, 2025, at 1–2.

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1 project, identical in nature to the four now before the Energy Bureau—is being performed with the Department of Energy federal funds.[40] Three (3) of Genera's Consent Decree environmental outages have thus moved from Genera's ratepayer-funded request into the federal pipeline since the Rate Case record was filed. The Energy Bureau relied on Genera's Rank 1 classification when it excluded the remaining outages from base rates,[41] and Genera cannot now, without evidence, recharacterize the same projects as ineligible. Genera's statement that federal funding is not presently available for the four (4) outages is not accompanied by any application, agency response or other documentation, and Genera does not explain what distinguishes these four (4) outages, in scope or in eligibility, from the three (3) that federal programs are funding.

Genera's statement that the outages are not eligible for FEMA Public Assistance is likewise contradicted by the review of the FEMA Accelerated Award Strategy ("FAASt") program for the same units. The Genera Consolidated Project List attached to the Resolution and Order issued by the Energy Bureau in Case No. NEPR-MI-2021-0002 on October 3, 2025 includes FEMA Public Assistance Project PA-02-PR-4339-PRJ-662957, "FAASt [Palo Seco Power Plant – 001 Units 3 & 4] (Generation)," with a Section 428 allocation of $34,466,293.86 and a scope that encompasses "Cooling Towers 3 & 4, Boiler's cameras, Federal Alert System, and All Generation Units repair."[42] The FEMA project documentation for the Palo Seco Steam Plant filed with the Energy Bureau in the same docket lists, among the items within that FAASt project, the "Purchase of Water Wall Tubes and Economizer for Unit 3 Boiler" and the "Boiler's Refractory, Insulation, Scaffolding and Painting" of Unit 4, both codified in the Puerto Rico Electric Power Authority Island-Wide FAASt Project.[43] The boiler water wall tube and economizer replacements at Palo Seco Unit 3—the parts component of the very outage whose FY 2028 funding Genera asks customers to provide—are therefore already within the FAASt pipeline, and the labor and parts components of the Palo Seco outages fall within a FAASt project whose scope extends to the repair of all generation units at that plant. As the Energy Bureau stated in the Final Rate Order, federal funding "is a finite opportunity that the utilities must use before it expires," and federally funded projects are excluded from customer rates precisely so that the operators pursue that opportunity rather than the ratepayer.[44] Opportunities of this kind must be pursued and maximized, before the FAASt grant expires, before the Energy Bureau will allow the same work to be funded through base rates.

D. FY 2027: Costa Sur Unit 5 and Palo Seco Unit 4

The compliance windows for Costa Sur Unit 5 (November 2026, or January 2027 if EPA grants the requested extension) and Palo Seco Unit 4 (April 2027), together with the lead time Genera states is required for procurement, mobilization and coordination with the transmission and distribution system operator, do not leave time for the documented federal-funding showing described in this Resolution and Order to be completed before the work must be scheduled.[45] Nonperformance would expose PREPA to stipulated penalties under the Consent Decree and, in the event of recurring noncompliance, to EPA-ordered unit shutdowns, with corresponding reliability consequences during the generation emergency the Energy Bureau has recognized.[46] The Energy Bureau therefore **APPROVES** an amendment to the FY 2027 Genera budget to include $4,015,000 for the Costa Sur Unit 5 and

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[40] September 2 Motion, pp. 2 and 6.

[41] Final Rate Order, Chapter Four, pp. 46 and 55–56; Appendix G, pp. 1, 3 and 5.

[42] *Resolution and Order, In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan*, Case No. NEPR-MI-2021-0002, October 3, 2025, Genera Consolidated Project List, Project No. 662957 (PA-02-PR-4339-PRJ-662957).

[43] *Motion to Inform Approval of Palo Seco, San Juan, Costa Sur and Aguirre Power Plant Permanent Repairs and Request for Confidential Treatment*, Case No. NEPR-MI-2021-0002, FEMA project documentation for the Palo Seco Steam Plant (items "Purchase of Water Wall Tubes and Economizer for Unit 3 Boiler" and "Boiler's Refractory, Insulation, Scaffolding and Painting Palo Seco Steam Plant, U.4").

[44] Final Rate Order, Chapter One, pp. 11–12.

[45] September 2 Motion, pp. 5 and 7

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[46] Final Rate Order, Chapter Four, pp. 1 and 92.

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Palo Seco Unit 4 environmental outages ($1,825,000 and $2,190,000, respectively), funded from the FY2026 Reconciliation Unallocated Balance in the same manner as the October 1 Order allocated funds to Genera's FY 2027 budget, subject to the following conditions.

(i) The $4,015,000 is an advance, not a final allocation. The inspection component of each outage—the checklist inspections, equipment calibration, testing and sampling the Consent Decree requires—shall be charged to the Regulation and Environmental Inspection line of Genera's Environmental Department to the extent of the unspent balance in that line for FY 2026 and FY 2027, as reported by Genera under Part II.F. The advance shall be applied net of the amounts so charged, to the labor and parts components of the two (2) outages and to any inspection cost that the line's balance does not cover. Genera shall draw first on that balance and only then on the amount allocated from the Unallocated Balance, and any portion of the allocation not required for the two (2) outages shall remain in the FY26 Reconciliation Amount.

(ii) Genera shall continue to pursue federal or other public funding for both outages, including through the federal programs under which it has funded the Costa Sur Unit 6, Aguirre Unit 2 and San Juan Unit 9 outages and the FAASt project for Palo Seco Units 3 and 4. Any federal reimbursement or grant funding subsequently received for either outage shall be credited to the FY26 Reconciliation Amount, consistent with the double-recovery protection of the Final Rate Order and with the reporting, reconciliation and true-up that Genera itself proposed.[47]

(iii) Genera shall file the report described in Part II.F within thirty (30) days of the notification of this Resolution and Order, and shall not draw on the allocation from the Unallocated Balance before that report is filed.

The allocation does not change the revenue requirements approved in the Final Rate Order, the FY 2027 Certified Budget total or the rates in effect. The Unallocated Balance is part of the FY26 Reconciliation Amount already included in those revenue requirements, and the Regulation and Environmental Inspection line is already part of Genera's approved budget; the allocation moves funds already carried in the approved budgets to the two (2) outages, and imposes no additional charge on customers whether or not federal funds are ultimately obtained.[48]

E. FY 2028: Palo Seco Unit 3 and San Juan Unit 7

The FY 2028 outages stand differently. Their compliance windows—November 2027 for Palo Seco Unit 3 and January 2028 for San Juan Unit 7—leave Genera time to do what the Final Rate Order and the August 15 Order require before customer funds are committed. Genera has not demonstrated that these outages are ineligible for federal funding; the review shows the opposite. Genera represented to the Energy Bureau in the Rate Case that this category of work is eligible for federal funding and that, for two (2) of the outages, federal funds had been identified with a high likelihood of coverage; it obtained federal funding for the identical outages at Costa Sur Unit 6, Aguirre Unit 2 and San Juan Unit 9; and the FAASt project for Palo Seco Units 3 and 4 already carries the Unit 3 boiler water wall and economizer work. Nor has Genera reported the balance of the budget line approved for Consent Decree compliance. Approving the FY 2028 request on this review would charge customers, as a first resort, for work that Genera itself has told the Energy Bureau is eligible for federal funding and that federal programs are funding at sister units.

The Energy Bureau therefore **DENIES WITHOUT PREJUDICE** the request for FY 2028 budget authorization of $3,285,000 for the Palo Seco Unit 3 and San Juan Unit 7 environmental outages. Genera may renew the request no later than April 30, 2027, approximately six (6) months before the Palo Seco Unit 3 compliance window, supported by: (i) the applications Genera has submitted to FEMA (under Sections 428 and 406 of the Stafford Act) and to each other federal program through which it has funded environmental outages at Costa Sur Unit 6, Aguirre Unit 2 and San Juan Unit 9, for each outage, and the

[47] Final Rate Order, Chapter Four, p. 57 (Part F, Protection against double recovery); September 2 Motion, p. 10 (Relief Requested ¶ 4).
[48] Final Rate Order, Chapter Four, pp. 92 and 131; June 15 Order, p. 4; October 1 Order.

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responses received; (ii) the status of Project PA-02-PR-4339-PRJ-662957 and an explanation of whether, and to what extent, the labor and parts components of the Palo Seco Unit 3 environmental outage can be executed within that project; (iii) a reconciliation of the Regulation and Environmental Inspection line and of the Environmental Department budget for FY 2026, FY 2027 and FY 2028 showing the balance available for the outages; and (iv) a certification by a Genera officer that no federal or other public funding is timely executable for the work. A renewed request that does not include that showing will not be considered.

F. Reporting

Within thirty (30) days of the notification of this Resolution and Order, Genera shall file in this docket a report containing: (a) FY 2026 actual expenditures, and FY 2027 year-to-date expenditures, commitments and projected year-end balance, for the Regulation and Environmental Inspection line and for the Environmental Department as a whole, with the supporting ledger detail; (b) for each of the Costa Sur Unit 5 and Palo Seco Unit 4 outages, a breakdown of the budgeted cost into its inspection, labor and parts components, the inspection component Genera will charge to the Regulation and Environmental Inspection line, the amount of the $4,015,000 advance it intends to draw after that charge, and the resulting amount, if any, that remains in the FY26 Reconciliation Amount; (c) the federal funding applications submitted, and the responses received, for the Costa Sur Unit 5 and Palo Seco Unit 4 outages; and (d) the procurement and outage schedule for both units against their compliance windows. Genera shall also include in each quarterly federal funding report it files in Case No. NEPR-MI-2021-0002 the status of federal funding for every Consent Decree environmental outage in its fleet, including the status of Project PA-02-PR-4339-PRJ-662957.

III. Conclusion

For the reasons stated above, the Energy Bureau **GRANTS IN PART** and **DENIES IN PART** Genera's *Motion Requesting FY2027 and FY2028 Budget Authorization for Consent Decree-Mandated Environmental Outages* filed on September 2, 2026.

The Energy Bureau **APPROVES** an amendment to the FY 2027 Genera budget to include $4,015,000 for the Consent Decree-mandated environmental outages at Costa Sur Unit 5 ($1,825,000) and Palo Seco Unit 4 ($2,190,000), and **ALLOCATES** $4,015,000 from the unallocated balance of the FY26 Reconciliation Amount for that purpose, as an advance, under the conditions set forth in Part II.D. The Energy Bureau **DIRECTS** Genera to charge the inspection component of each of those outages to the Regulation and Environmental Inspection line of its Environmental Department to the extent of the unspent balance in that line for FY 2026 and FY 2027, and to apply the advance net of the amounts so charged. The Energy Bureau **DIRECTS** PREPA to make the allocated amount available to Genera in the same manner as the other amounts included in the FY 2027 Genera budget, upon Genera's filing of the report ordered below.

The Energy Bureau **ORDERS** Genera to continue to pursue federal or other public funding for the Costa Sur Unit 5 and Palo Seco Unit 4 environmental outages and **DETERMINES** that any federal reimbursement or grant funding subsequently received for either outage shall be credited to the FY26 Reconciliation Amount.

The Energy Bureau **DENIES WITHOUT PREJUDICE** Genera's request for FY 2028 budget authorization of $3,285,000 for the Consent Decree-mandated environmental outages at Palo Seco Unit 3 ($1,460,000) and San Juan Unit 7 ($1,825,000). Genera may renew that request no later than April 30, 2027, supported by the showing described in Part II.E.

The Energy Bureau **ORDERS** Genera to file, within thirty (30) days of the notification of this Resolution and Order, the report described in Part II.F, and to include in its quarterly federal funding reports in Case No. NEPR-MI-2021-0002 the status of federal funding for each Consent Decree environmental outage, including Project PA-02-PR-4339-PRJ-662957.

The Energy Bureau **DETERMINES** that the foregoing amendment and allocation are made within, and do not alter, the revenue requirements approved by the Energy Bureau for FY 2027, the FY 2027 Certified Budget total or the rates in effect, the allocated amount being carried in the FY 2027 Certified Budget as FY26 Unallocated Reconciliation Funds. The Genera Contingency Reserve Account established in the June 15 Order is not affected by this Resolution and Order and remains reserved for the purposes stated in that Order.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
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The Energy Bureau **WARNS** that, in accordance with Article 6.36 of Act 57-2014, noncompliance with this Resolution and Order, regulations, and/or applicable laws may carry the imposition of fines and administrative sanctions.[49]

Be it notified and published.

Edison Avilés Deliz
Chairman

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Omar M. Rodríguez González
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on November 6, 2026. Associate Commissioner Antonio Torres Miranda did not intervene. I also certify that on November 6, 2026 a copy of this Resolution and Order was notified by electronic mail to the following: katiuska.bolanoslugo@us.dlapiper.com; regulatorypreborders@lumapr.com; margarita.mercado@us.dlapiper.com, jan.albinolopez@us.dlapiper.com; alexis.rivera@prepa.pr.gov; rcruzfranqui@gmlex.net; jfernandez@ecija.com; kmercado@jrsp.pr.gov, eramos@ecija.com; yahaira.delarosa@us.dlapiper.com; katiuska.bolanos-lugo@us.dlapiper.com; nzayas@gmlex.net; mvalle@gmlex.net; ricardo.pallens@genera-pr.com; jdiaz@ecija.com; regulatory@genera-pr.com. I also certify that today, November 10 2026, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today November 6, 2026.

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

Wanda I. Cordero Moralea
Interim Clerk

[49] Act 57-2014, art. 6.36.