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

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

IN RE: LUMA INITIAL BUDGETS AND RELATED TERMS OF SERVICE	**CASE NO.:** NEPR-MI-2021-0004 **SUBJECT:** Determination on the FY25 Annual Budgets for the electric utility

RESOLUTION AND ORDER

I. Introduction

On March14,2024, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("May 14 Resolution"), through which ordered LUMA Energy LLC and LUMA Energy ServCo LLC (jointly referred as, "LUMA") to file the FY2025 consolidated annual budget proposals by April 15, 2024.

On April 7, 2024, LUMA filed a document titled *Informative Motion on Status of FY2025 Budget Allocation Discussion and Request for Additional Time to Conclude Discussion on the Fiscal Year2025 Consolidated Budget* ("April 7 Motion"), through which LUMA requested that the Energy Bureau grant until May 15, 2024 to file the FY 2025 Consolidated Annual Budgets.

On April 9, 2024, the Energy Bureau issued a Resolution and Order ("April 9 Resolution") granting LUMA's April 7 Motion to extend the deadline to submit the FY2025 Consolidated Annual Budgets by May 15, 2024.

On May 15, 2024, LUMA filed a document titled *Urgent Request for Additional Extension of Time to Submit the FY2025 Budgets* ("May 15 Request"), through which LUMA requested an additional extension of time until May 20, 2024 to allow the Puerto Rico Public-Private Partnership Authority ("P3 Authority") to notify the parties of its allocation determination and any additional work that may require such P3 Authority determination.[1] In the May 15 Request, LUMA asserted that Puerto Rico Electric Power Authority ("PREPA") should separately file directly with the Energy Bureau, the budgets for its subsidiaries, other than HydroCo.[2]

On May 25, 2024, LUMA filed a document titled *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY20025 and Budget Allocations for the Electric Power System* ("May 25 Motion"), through which LUMA submitted for approval the Transmission & Distribution Budgets and information for which confidentiality was asserted. LUMA stated that its workpapers would be separately submitted under seal of confidentiality. LUMA also provided, with no representations, the GenCo Budgets. LUMA advised that as of the filing date, PREPA had not concluded its budget approval process for HydroCo or HoldCo, and therefore, LUMA's filing did not have HydroCo or HoldCo budgets.

LUMA related that because it had been preparing for a full rate filing, it conducted its budget process in an abbreviated timeline. LUMA also stated that the P3 Authority had identified $89.655 million of *Other Income* to be allocated among the parties and $74.741 million in *additional funds* to be added to available revenues. The P3 Authority determined that projected revenues of $1,151.456 million for FY 2025 comply with the 2017 Rate Order and allocated specific percentages to LUMA, Genera PR LLC ("Genera") and PREPA based on FY 2024. The P3 Authority determination including *Other Income* and *additional funds*, results

[1] May 15 Request, p. 3, ¶ 7.

[2] May 15 Request, p. 3, ¶ 8.

in the total revenues available for distribution and allocation among the entities of $1.315850 billion for FY2025.[3]

LUMA asserts that the budget it developed is closely aligned with the FY 2024 Budgets, does not require an increase in Base Rates, is aligned with the 2017 Rate Order,[4] and observes the Budget Allocation Determination made by the P3 Authority. LUMA notes that current base rates are inadequate to support growth, maintenance and repair, and modernization required to effectively transform the electric system and that it is hindered because it continues to operate in a financially constrained environment. LUMA states it is the only party who prepared budgets that comply with the FY 2024 System Budgets as required by the Energy Bureau and with the P3 Authority FY 2025 System Budget Allocation.

On June 12, 2024, the Energy Bureau issued a Resolution and Order ("June 12 Resolution"), through which the Energy Bureau, among other things, ordered PREPA to submit its proposed FY 2025 Budget within three (3) business days of publication of the June 12 Resolution, issued a series of Requirements of Information ("ROIs") to LUMA, Genera, and PREPA and established a procedural calendar. The Energy Bureau scheduled a Technical Conference for June 20, 2024 and a public hearing for June 25, 2024.

On June 15, 2024, LUMA filed a document titled *Informative Motion on LUMA 's Workpapers and Urgent Request for Extension* ("June 15 Motion"), through which LUMA related that it had provided its workpapers and requested a two-day extension, until June 19, 2024, for LUMA to submit its responses to the ROIs propounded by the Energy Bureau in its June 12 Resolution.

On June 17, 2024, Genera file a document titled *Urgent Request for Extension to Submit Workpapers for Genco's FY2025 Budget and to file Genera's Responses to Request for Information Issued on June 12, 2024* ("June 17 Request"), through which Genera requested until June 19, 2024, to file the workpapers as directed in the June 12 Resolution and the responses to the ROIs.

On June 17, 2024, PREPA filed a document titled *Motion Submitting PREPA's FY 2025 Budget Proposals for HoldCo and HydroCo in compliance with June 12th Order* ("June 17 Motion"), through which PREPA submitted its proposed FY 2025 Budgets for HoldCo and HydroCo. PREPA proposes a budget of $62.634 million for HoldCo and a budget of $26.175 million for HydroCo. PREPA contended that no rate increase would be necessary to fund either PREPA's proposed budgets, or the budgets proposed for LUMA and Genera.

On June 18, 2024, LUMA and Genera jointly filed a document titled *Joint Request for Continuance of Technical Conference and to Extend Time to File Presentations for the Technical Conference* ("June 18 Joint Request"), through which they requested that the June 20, 2024 technical conference be re- scheduled for June 24, 2024 and the presentation be submitted by June 21, 2024.

On June 18, 2024, the Energy Bureau issued a Resolution and Order through which the Energy Bureau granted LUMA and Genera until June 19, 2024 to submit their ROIs responses, granted Genera until June 19 by Noon to submit its workpapers and re-scheduled the Technical Conference to June 21, 2024 ("June 21 Technical Conference"), with the presentations due the same day.

On June 18, 2024, Genera filed a document titled *Motion to Submit Partial Response to Requirement of information in Compliance with Resolution and Order Dated June 12, 2024 and Request for Extension of Time* ("June 18 Resolution"), through which Genera partially responded to the ROIs propounded by the Energy Bureau in the June 12 Resolution.

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[3] May 25 Motion, pp. 13 - 14.

[4] See Final Resolution and Order, *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, January 10, 2017 ("2017 Rate Order").

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On June 20, 2024, LUMA filed a document titled *LUMA's Responses to Requests for Information and Request for Confidential Treatment* ("June 20 Motion"), through which LUMA provided its responses to the ROIs propounded by the Energy Bureau in the June 12 Resolution.

On June 21, 2024, the Energy Bureau held a Technical Conference ("June 21 Technical Conference") to evaluate matters related to the FY 2025 budget petition.

On June 25, 2024, the Energy Bureau held a Public Hearing ("June 25 Public Hearing") for the general public to have the opportunity to present its comments and suggestions regarding the proposed FY 2025 Annual Budgets.

On June 25, 2024, LUMA filed a document titled *Motion in Compliance with Bench Orders Entered During the June 21st Technical Conference, and Submitting Amended Responses to ROI-LUMA-MI-2021-0004-20240612-PREB-012 and ROI-LUMA-MI-2021-0004-20240612-PREB-033 and Amended Version of June 21st Technical Conference Presentation.*

II. Analysis and Discussion

The Energy Bureau's review of LUMA's Proposed FY 2025 Budgets must include a determination by the Energy Bureau of whether the Proposed FY 2025 Budgets comply with the criteria for the Energy Bureau's approval in accordance with Act No. 57-2014[5] and the 2017 Rate Order.[6]

The Energy Bureau notes at the outset of this Resolution and Order it is performing this review under Section 441 of the 2017 Rate Order, which sets forth the procedure for "one year budget examinations" that are to occur annually within each three-year rate case. The purpose of a one-year rate examination is to enable the Energy Bureau to establish a just and reasonable revenue requirement for the applicable fiscal year.[7] However, the Energy Bureau need not evaluate in a one-year examination all the factors that are otherwise discussed in a full rate case. While the Energy Bureau's one-year rate examination can be more constrained than a full rate proceeding, the Energy Bureau reserves its powers to address revenue allocation and rate design in the one-year budget examination.

The Energy Bureau must ensure in its review of the Proposed FY 2025 Annual Budgets, that the funding allocation is appropriate to meet the needs of the entities to which funding will be allocated in FY 2025. These entities include: LUMA, Genera, and two subsidiaries of PREPA, HoldCo and HydroCo. In the context of the FY 2025 Annual Budgets examination, the Energy Bureau makes this determination based upon its evaluation of the needs of each entity on a bottom-up basis.

The Energy Bureau will ensure the delivery of safe and reliable service to customers at reasonable rates. In fulfilling this responsibility, the Energy Bureau may modify the budget allocation among LUMA, Genera, HoldCo and HydroCo to provide each with the allocation necessary to fulfill its responsibility and achieve necessary priorities, within the available base rates.

Energy Bureau review, in development of a complete record upon which to base its determination, included ROIs, the production of budget development workpapers, a Technical Conference pursuant to which ROIs were issued from the Bench, and the Public Hearing held on June 25, 2024, and evaluation of any Public Comments.

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

[6] 2017 Rate Order.

[7] *Id.*

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A. LUMA

LUMA states that the Annual T&D Budgets consist of the Operating budget including $568 million in Operating Expenditures, the Non-Federally Funded Capital Budget including $124 million and the Federally Funded Capital Budget including $1.21 billion. The Operating budget is broken down further into four Operational Departments including (i) Customer Experience, (ii) Operations, (iii) Utility Transformation and (iv) Support Services.[8] Within these four categories, the T&D Operating Budget is broken down into Labor and Non-Labor. Non-labor is further broken down into Materials & Supplies, Transportation, Per Diem, and Mileage, Property and Casualty Insurance, Security, IT Service Agreements, Utilities & Rents, Legal Services, Communications Expenses, Professional & Technical Outsourced Services, Vegetation management and Other Miscellaneous Expenses. The workpapers LUMA submitted along with the May 26 Motion provide additional insight into the component expenses of LUMA's Labor Budget for each of the four Operational Departments.

The Energy Bureau bases its review of the proposed budgets on the supported needs of LUMA, Genera, and PREPA. The approved budget for LUMA, as modified by the Energy Bureau, in Attachment B.

1. Fire Mitigation

The Energy Bureau emphasizes that safety is paramount in prioritizing efforts within the electric system. While the Energy Bureau acknowledges the competing interests and obligations faced by LUMA, given the limitations on budgets, prioritizations must be made, and safety cannot be compromised.

In reviewing LUMA's proposed FY2025 budget and the discussions during the June 21, 2024 technical conference, the Energy Bureau notes with concern that LUMA has listed fire mitigation among the programs to be deferred due to budget constraints.

The Energy Bureau finds this deferral unacceptable. Fire mitigation is a critical safety issue that cannot be postponed, especially given the interconnected nature of fire risks and vegetation management. Recent catastrophic events in California and Hawaii serve as stark reminders of the devastating consequences of the failure of utilities to adequately address fire risks in their systems.

The Maui wildfires in August 2023, which caused significant loss of life and property destruction, highlight the critical importance of robust fire mitigation efforts by electric utilities. Similarly, California has experienced numerous devastating wildfires in recent years, many linked to utility equipment, leading to billions in damages and loss of life. These events underscore the urgent need for proactive fire mitigation strategies in areas prone to dry conditions and high winds. The Energy Bureau restores $1.9 million to fund the Fire Mitigation program of the Enabling NON-FEDERALLY FUNDED CAPITAL BUDGET PORTFOLIO in Attachment B of this Resolution and Order.

The interrelation between vegetation management ("VM") and fire mitigation is clear and well-established in utility best practices. Proper VM minimizes the risk of vegetation contact with energized equipment and creates defensible spaces – all of which are crucial components of an effective fire mitigation strategy.

The Energy Bureau notes that LUMA's FY2025 budget request reflects an increase in funding for VM activities, with a total allocation of $208.2 million (comprised of $158.2 million in federally funded SRP activities and $50 million in O&M expenses).

[8] May 25 Motion, p. 9.

Given this substantial investment in VM, it is the Energy Bureau's expectation that fire mitigation efforts be incorporated into these initiatives.

While emphasizing the critical nature of fire mitigation efforts, the Energy Bureau also recognizes LUMA's efforts to increase resources in areas that support VM and enhance the workforce capable of working on energized lines. In reviewing LUMA's proposed FY2025 budget, the Energy Bureau notes a significant increase in corporate services that includes activities supporting VM.

Furthermore, the Energy Bureau commends the substantial increase in the number of qualified line-workers, which aligns with its previous orders and contributes to enhanced safety and efficiency in system operations and maintenance. This increase in qualified personnel, coupled with the enhanced support for VM, should enable LUMA to more effectively address safety concerns, including fire mitigation efforts. The Energy Bureau expects these additional resources to be used efficiently to improve system safety, reliability, and resilience.

Given these increases, the Energy Bureau reiterates its expectation that fire mitigation efforts are not deferred but integrated into LUMA's expanded capabilities and resources. The additional qualified line-workers should enable more comprehensive inspections, maintenance, and rapid response to potential fire hazards, while the increased support through corporate services should facilitate more effective planning and execution of vegetation management and fire mitigation strategies.

LUMA is directed to provide, within its detailed plan for fire mitigation integration, an explanation of how these increased resources in corporate services, operations and qualified line-workers will be leveraged to enhance overall system safety, with a particular focus on fire prevention and mitigation strategies.

The Energy Bureau will not accept the deferral of critical safety initiatives such as fire mitigation and expects LUMA to reprioritize its budget allocations if necessary to ensure this vital work is carried out in FY2025.

The Energy Bureau **ORDERS** LUMA to submit, within 60 days of the notification of this Resolution and Order, a detailed plan outlining how fire mitigation efforts will be incorporated into its vegetation management and other relevant programs.

2. Vegetation Management

Customer interruptions in Puerto Rico go well beyond merely losing electricity; they corrode the fabric of our society's sense of stability. These power interruptions impact all spheres of our community - health, safety, education, property, local businesses, and both current and future foreign direct investment. The constant threat of power loss undermines the basic human dignity of Puerto Rico's residents, who deserve the security and reliability of a stable electrical grid. This situation is untenable and cannot be allowed to persist.

The Energy Bureau emphasizes the critical importance of effective VM as a key transmission and distribution ("T&D") activity with significant positive impact on system performance and reliability. Recent events, particularly the widespread blackout on June 12, 2024, that affected 350,000 customers, underscore the urgent need for accelerated and effective vegetation management across Puerto Rico's electrical grid.

a. Current Status and Concerns

For FY2025, LUMA proposed a total budget of $208.2 million for VM, comprising $158.2 million in federally funded SRP activities and $50 million in O&M expenses. While this represented an increase from the FY2024 budget of $179.8 million, the Energy Bureau has significant concerns about the pace of implementation and the use of available resources.

During the June 21 Technical Conference, LUMA reported that only $18.1 million had been obligated by FEMA for one project in the San Juan region, out of 31 projects submitted for the island-wide vegetation clearance reset.[9] This slow progress is deeply concerning, especially since the program was initially approved by the Energy Bureau in May 2023.

The Energy Bureau is unconvinced that LUMA has allocated sufficient resources to ensure that FEMA project worksheets (P/W) associated with the vegetation management clearing initiative are developed with the expeditiousness that this critical activity merits. Therefore, the Energy Bureau directs an increase in the non-federally funded budget allocation for VM from $50 million to $63.507 million. This increase includes $1.9 million for the fire mitigation program, the amount LUMA identified as required to run this essential safety program.[10]

The Energy Bureau emphasizes these VM and fire mitigation programs far outweigh priorities in customer enhancements such as the proposed Billing Accuracy and Back Office program[11]. While customer service improvements are important, they cannot take precedence over the main safety and reliability of the electrical grid.

The Energy Bureau recognizes that LUMA made some progress in this critical area of VM. During the June 21 Technical Conference, LUMA representatives reported that they have cleared over 4,000 miles of vegetation since beginning operations.[12] Furthermore, LUMA completed the clearing of all 230 kV[13] transmission lines by the end of FY2024, as previously ordered by the Energy Bureau.

This is an important step in protecting the backbone of Puerto Rico's transmission system from vegetation-related outages. LUMA also reported that it made significant progress in substation VM, stating that in FY2024, it did not experience a single vegetation-related outage in a substation.[14]

The Energy Bureau emphasizes the need for continued acceleration and expansion of the VM program across all voltage levels and regions of the island.

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[9] Virtual Technical Conference MI-2021-0004. (2024, June 13). Retrieved from https://www.youtube.com/watch?v=djp6jJpenlk, 35:46 (last verified June 26, 2024).

[10] Response: ROI-LUMA-MI-2021-0004-20240612-PREB-017, Response to June 12, 2024 Request.

[11] *Id.*

[12] Virtual Technical Conference MI-2021-0004. (2024, June 13). Retrieved from https://www.youtube.com/watch?v=djp6jJpenlk, 40:26 (last verified June 26, 2024).

[13] *Id*, 47:34.

[14] *Id*, 1:18:40.

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b. Federal Funding and Project Implementation

In the February 27, 2023 Resolution and Order, the Energy Bureau directed LUMA to maximize federal funding and complete the Vegetation Management Remediation Phase by H1 2026. However, LUMA's current timeline projects completion in H2 2028[15] a significant delay that is unacceptable given the critical nature of this work.

The Energy Bureau notes with concern that LUMA has not explained the delays in submitting P/Ws to FEMA or in beginning work on approved projects. The role of Innovative Emergency Management, Inc. (IEM) in this process is also unclear. When IEM was initially brought on board, it was presented as an expert in securing and managing federal funds. However, its current involvement and effectiveness in accelerating the vegetation management program is not clear.

While the Energy Bureau is directing an increase in non-federally funded allocation for vegetation management, we recognize the potential for LUMA to secure additional federal funding. Should LUMA successfully accelerate its efforts and obtain substantial additional Federal Funding for vegetation management beyond what is projected, the Energy Bureau will allow LUMA to petition for a reallocation of the increased non-federal funds directed in this order.

The Energy Bureau emphasizes that any consideration for reallocation will be contingent on LUMA demonstrating substantial improvement in its vegetation management efforts and clear progress towards meeting accelerated timelines in its VM efforts and federal funding approvals. The safety and reliability of Puerto Rico's electrical grid remain our paramount concern, and funds will only be reallocated if doing so does not compromise these priorities.

c. Resource Allocation and Capabilities

The Energy Bureau questions whether LUMA is effectively using all available resources to expedite the VM program. During the technical conference, LUMA reported having contracts with four VM companies, potentially providing up to 1,200 workers.[16] The Energy Bureau expected LUMA to leverage its knowledge to efficiently request and use federal funds for accelerating the VM program. The current pace of progress does not reflect the level of knowledge and urgency required for this critical initiative.

d. Directives

To ensure continued progress and accountability in VM efforts, the Energy Bureau **ORDERS** LUMA to:

1. Provide comprehensive monthly updates, beginning August 1, 2024, using the Reporting Templates of **Attachment G** to this Resolution and Order. These reports shall include detailed information on each of the 31 projects submitted to FEMA, that are part of the Island-Wide Vegetation Clearing initiative.

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[15] *Id*, 49:46.

[16] Virtual Technical Conference MI-2021-0004. (2024, June 13). Retrieved from https://www.youtube.com/watch?v=djp6jJpenlk, 1:00:39 (last verified June 26, 2024).

2. Provide a detailed implementation plan within 60 days of this order to complete the VM Remediation Phase. This plan should include:
   a. A revised timeline and milestones, acknowledging the delays in federal funding but showing how LUMA will accelerate efforts to achieve a fully remediated state as close to the originally ordered H1 2026 date as possible
   b. Strategies for maximizing the use of both federal and O&M funds to expedite VM activities
   c. Contingency plans for addressing potential further delays in federal funding obligations
3. Integrate fire mitigation efforts into the VM program. The implementation plan shall clearly outline how VM activities will contribute to overall fire risk reduction.

The Energy Bureau emphasizes that effective Vegetation Management is important for system safety and reliability. The Energy Bureau expects LUMA to show significant progress in this area during FY2025, leveraging both the increased budget allocation and the expected federal funding.

3. Billing Accuracy and Back Office

LUMA includes Billing Accuracy & Back Office as one of the programs for which activities are deferred while operating within budget requirements, estimates the total cost for FY 2025 as $18.919 million and defers $4.157 million. LUMA also provides the priority explanation for this partial deferral. LUMA relates that the current version of the system does not enable automated system updates, that a full review is needed to understand the capabilities of the current system and alignment with future AMI billing and that the current version will not be supported by the vendor in the future.[17]

The Energy Bureau does not dispute the importance of accurate billing, however, LUMA's filings have not demonstrated that the current system is non-operational nor the reasons for prioritizing this program over other more significant issues, such as those relating to system reliability and safety, among others. The Energy Bureau recognizes that LUMA has de-prioritized this program in part[18], however, the Energy Bureau fully de-prioritizes this Customer Experience Non-Federally Funded Capital Budget in FY 2025 in accordance with Attachment B of this Resolution and Order.

4. Third Party Attachments ("TPA")

The Energy Bureau recognizes the importance of effectively managing and monetizing third-party attachments ("TPA") to PREPA's infrastructure, particularly distribution poles. During the June 21 Technical Conference, it became clear that there are significant opportunities to improve the collection of rents from TPAs, both for past use and moving forward.

LUMA reported that since 2017, there had been limited or no collection of fees from third-party attachers. This is a substantial loss of revenue for the utility and, by extension, a burden on ratepayers. The Energy Bureau finds this situation unacceptable and directs LUMA to take immediate and comprehensive action to address this issue.

[17] See, ROI-LUMA-MI-2021—0004-20240612-PREB-017.

[18] See, ROI-LUMA-MI-2021—0004-20240612-PREB-017

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The Energy Bureau emphasizes the critical importance of capturing this revenue stream. As discussed in the June 21 Technical Conference, LUMA estimated about 450,000 attachments from telecommunications companies alone. The potential revenue from these attachments is substantial and should be realized to benefit ratepayers.

The Energy Bureau reminds LUMA that effective management of TPAs not only provides a valuable revenue stream but also contributes to system safety and reliability by ensuring all attachments meet necessary standards and do not overburden the infrastructure.

a. Directives

The Energy Bureau **ORDERS** LUMA to:

1. Submit to the Energy Bureau, within 60 days of notification of this Resolution and Order, all existing TPA contracts in its possession.
2. Develop and submit to the Energy Bureau, within 120 days of notification of this Resolution and Order, a detailed plan for collecting all past-due rents from third-party attachers. This plan shall include:
    a) A method for calculating past-due amounts
    b) A timeline for issuing invoices and collecting payments
    c) Proposed actions regarding non-compliant attachers
3. Implement, within 180 days of this Resolution and Order, a robust system for ongoing identification, tracking, and billing of all new and existing third-party attachments.
4. Provide, beginning with Q2 FY2025. quarterly reports to the Energy Bureau, detailing:
    a) The number of identified third-party attachments
    b) The amount billed for TPA rents (separated into current and past-due amounts)
    c) The amount collected for TPA rents (separated into current and past-due amounts)
    d) A list of non-compliant attachers and actions taken to address non-compliance
    e) Any challenges faced in implementing the TPA management program and proposed solutions
    f) Projected TPA revenues in future budget proposals as part of the "Other Income" category. These projections shall be based on a comprehensive audit and improved tracking system.

5. LUMA Efficiencies

The Energy Bureau has been concerned, since its review of LUMA's Initial Budgets, with regard to LUMA's inadequate identification, implementation, and quantification of efficiencies. In the May 31 Resolution[19], the Energy Bureau set forth its expectations for certain specific efficiencies LUMA was to provide. These included, more efficient contracting of services, more effective revenue collection from past due

[19] See, Resolution and Order, *In Re: Review of LUMA's Initial Budgets*, Case No, NEPR-MI-2021-0004, May 31, 2021 ("May 31 Resolution").

bills, reducing transmission line losses, reducing energy theft, addressing customers without meters or with malfunctioning meters, and making the electric infrastructure more efficient. LUMA stated that the related savings had not been quantified and would not be known immediately. The Energy Bureau accepted this explanation and ordered LUMA to report annually on implementing improved efficiencies and quantification of resulting savings.[20]

In LUMA's FY 2022 Year End Report,[21] LUMA stated that, "Efficiencies, cost avoidance and cost savings are embedded in LUMA's goals…"[22] LUMA addressed the six efficiencies and savings identified by the Energy Bureau in its May 31 Resolution. LUMA identified $203 million in collection of past due bills and explained its continuing efforts. LUMA explained the efforts it was undertaking or planned to undertake in the listed areas, with no quantification of savings. LUMA also listed multiple additional efficiencies and avoided costs it asserted provide additional value to customers.[23]

In the Proposed FY 2025 Budget, LUMA mentions increased efficiencies throughout the proposal, however, there is no financial quantification.

LUMA responded to the Energy Bureau ROIs regarding efficiencies by stating that it had not quantified efficiencies for FY 2024 and that its use of the term efficiencies referred to overall improvements in the processes, procedures, capabilities, resource allocation and other activities within the organization implemented by LUMA since June 2021 and that "LUMA's use of the term efficiencies is not meant to ascribe any monetary value to any improvement or initiative but rather reflect how we operate while operating within the budget."[24]

The Energy Bureau finds this level of attention to the identification, implementation, and quantification of efficiencies to be unacceptable. Rather than the difficult and seemingly insurmountable burden as to which LUMA seems to treat the identification, implementation, and quantification of efficiencies, this should be viewed as an opportunity to achieve and quantify savings for customers, as well as provide LUMA with identified savings with which to provide better services within budgetary constraints.

The Energy Bureau recognizes that financial planning may present challenges, particularly in terms of forecasting potential efficiencies. However, forecasting efficiencies and savings is an essential part of the Energy Bureau's requirement for annual budgeting and cost recovery. This aids in the Energy Bureau's ongoing mission to ensure fair pricing for consumers, balanced against the necessary and reasonable expenses of utility providers.

The Energy Bureau previously stated, "While establishing a baseline may necessitate an in-depth study, it is a fundamental component of an effective forecasting system and should be within the remit of LUMA's financial planning team. LUMA is hereby instructed to forecast efficiencies across all areas of its operations and budget, and to not limit this forecasting to select segments. Furthermore, the Energy Bureau stresses that this forecasting process should be viewed as a continuing activity." This has not been complied with.

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[20] May 31 Resolution, p. 31.

[21]See *In Re. Review of LUMA's Initial Budgets*, Caso. No. NEPR-MI-2021-0004, *Motion Submitting LUMA's Annual Report for Fiscal Year 2022 and Report on Efficiencies*, filed by LUMA on October 29, 2022.

[22] FY 2022 Year End Report, p. 24.

[23] *Id.*, pp. 24 – 29.

[24] June 20 Motion, Exhibit 1, Response 035.

a. Directives

The Energy Bureau **ORDERS** LUMA to include in the FY2026 Annual Budgets Examination, its plans to:

1. continuously assess its performance against its forecasted efficiencies, highlighting both successes and areas needing improvement. This will not only support continuous learning and improvement by LUMA but will also provide valuable data for refining forecasts.

2. detail how LUMA has projected potential efficiencies and savings across its operations and include the process for ongoing performance assessments against these forecasts.

3. develop, implement, and quantify efficiencies and savings, including but not limited to those identified in the May 31 Resolution.

B. Consolidated Budgets – Genera

1. Genera Thermal Generation Facilities Maintenance/Repair ("NME")

Genera proposed NME projects that prioritize safety and reliability issues associated with operating the legacy generation plants.

a. TM2500 Temporary Generators Operation

From the $90.873 million proposed for NME, Genera asked for $17.374 million to operate the fourteen (14) TM2500 temporary generators that sit between the San Juan and Palo Seco power plants. These temporary units facilitate planned outage scheduling for maintenance/repair efforts. Genera asserts that the cost of operating these temporary units is incremental and should be accounted for in the NME budgets. The Energy Bureau is not persuaded that the cost of operating the TM2500 units is incremental, noting that Genera has already been assigned substantial labor funding. There are major units under contracted maintenance that relieve resources that could be assigned, potentially assisted by a technical advisor, to operate and maintain the temporary generators. As discussed during the Technical Conference,[25] Genera has been operating these units for the past 3 months and noting that most of the generation maintenance is contracted to outside parties, the utilization of internal resources to perform these functions may result in the most cost-effective approach.

During the June 21, 2024 Technical Conference, Genera representatives testified that these units are being operated by internal personnel. When asked about the current operation of the units, a Genera representative stated that operations were run in-house.[26]

This testimony demonstrates that Genera has been able to operate and maintain these units with existing staff resources for several months. The Energy Bureau sees no justification as to why this arrangement cannot

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[25] "Virtual Technical Conference MI-2021-0004. (2024, June 13). Retrieved from https://www.youtube.com/watch?v=djp6jJpenlk,2:11:59 (last visited June 26, 2024).

[26] *Id.*

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continue without additional funding, especially because of the generous labor allocation approved in the FY2024 budget.

In the FY2024 budget, the Energy Bureau approved significant increases to Genera's labor budget to ensure adequate staffing across its operations. These increases were intended to provide Genera with the necessary personnel resources to manage its responsibilities, including any new assets or operational needs. The Energy Bureau expects Genera to use these expanded labor resources efficiently across all its operations, including the temporary maintenance units.

The Energy Bureau finds that the operation of these temporary units does not represent a net increase in Genera's operational responsibilities. Rather, these units are substituting for baseload capacity that is offline or underutilized.

The Energy Bureau emphasizes that this substitution should not result in a net increase in operational costs, but rather, in the reallocation of existing resources. As baseload units are taken offline for maintenance or due to reduced demand, the personnel and resources associated with those units should be redirected to the operation and maintenance of the temporary units.

The Energy Bureau expects Genera to manage its resources efficiently and assign personnel dynamically based on system needs. With some baseload units offline for maintenance, enabled by the temporary units, Genera should be able to redeploy existing staff to operate these temporary assets without the need for substantial new hiring or contracting.

The operation of these temporary units should be viewed as a shift in resource allocation rather than an expansion of Genera's overall operational scope, thus, significant additional funding for these temporary units is not justified.

The NME budget is modified to **increase by $15.554 million** the activities directly related to the completion of critical repairs and maintenance to make the facilities secure and unlikely to change, fail, or decline.

b. Aguirre BlackStart Capabilities

Genera proposes expenditures up to $1.1 million to lease an approximately 2 MW blackstart unit that could be used to start the combined cycle in Aguirre during an emergency event. This approach relies on using the combined cycle units to start the thermoelectric after a blackout.

The NME budget has been modified, as illustrated in Attachment F of this Resolution and Order, to facilitate the lease of a John Brown or TM2500 like unit with higher capacity and able to directly blackstart the thermoelectric units at Aguirre. This unit is to be restricted to operating only during emergencies.

c. Genera Maintenance Reporting Requirements

The Energy Bureau recognizes the critical importance of proper maintenance for the legacy thermal generation units operated by Genera. To ensure effective oversight and transparency, the Energy Bureau establishes the following maintenance reporting requirements:

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The Energy Bureau **ORDERS** Genera to:

Submit monthly reports, beginning August 1, 2024, that show the status of the repairs and maintenance activities planned and underway. These reports shall include all maintenance/repair activities about the Aguirre, Costa Sur, San Juan, and Palo Seco power plants using the template given in **Attachment H** of this Resolution and Order.

2. Labor Operating Expenses

In its FY 2025 budget proposal, Genera requests $76.177 million for Labor Operating Expenses. This is an increase from the $75.404 million approved in the FY 2024 budget. After careful review, the Energy Bureau finds this request to be unjustified.

In the FY 2024 budget determination, the Energy Bureau in its approved Labor budget for Genera, recognizing the challenges of transitioning operations from PREPA. As stated in the December 8, 2023 Resolution and Order:

"Notwithstanding the foregoing, the Energy Bureau recognizes that Genera, as PREPA, in the midst of an ongoing transition process concerning the determination of the workforce needed as well as implementing recruitment efforts to retain former PREPA personnel for the operation and maintenance of the Legacy Generation Assets."[27]

Based on this recognition, the Energy Bureau approved a significant increase to Genera's Labor Budget for FY2024.

This allocation was intended to give Genera sufficient resources to staff its operations appropriately during the transition period.

In reviewing Genera's FY 2025 budget submission, the Energy Bureau finds no compelling evidence or justification for a further increase in labor expenses. Genera has not demonstrated any significant changes in operational scope or staffing needs that would warrant additional funding beyond what the Energy Bureau determined for the FY 2024 Labor budget.

The Energy Bureau expects that, after a full year of operations under the new structure, Genera should realize operational efficiencies and optimize its workforce. These efficiencies are expected to offset any need for increased labor expenses.

Based on the above considerations, the Energy Bureau **DENIES** Genera's request for an increase in its Labor Operating Expenses budget. The FY2025 Labor Operating Expenses budget for Genera **shall remain at the FY 2024 approved level of $75.404 million.**

The Energy Bureau reiterates its expectation that Genera will manage its workforce efficiently within this budget allocation. The Energy Bureau reminds Genera that the Labor budget given in FY 2024 was intended to cover the transition period and should meet ongoing operational needs. Any future requests for labor budget increases will require substantial justification demonstrating clear changes in operational scope or responsibilities that cannot be met through improved efficiency or reallocation of existing resources.

[27] Resolution and Order, *In Re: Review of LUMA's Initial Budgets*, Case No.: NEPR-MI-2021-0004, December 8, 2023.

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C. PREPA: HoldCo (PropertyCo), HydroCo

Despite numerous directives by the Energy Bureau,[28] in which PREPA is ordered to reduce its budgets to reflect the reduced responsibilities it retains after the commencement of service providers for Transmission & Distribution and Generation of Legacy Assets, PREPA has not done so. This is apparent from the budgetary increases and corresponding increases in labor and non-labor PREPA is requesting for FY 2025 as compared with the approved budgets for FY 2024. PREPA claims that its approved FY 2024 budgets were inadequate for it to operate properly and meet its legal obligations but does not adequately support its contentions. This is the case for both HoldCo and HydroCo, both of which will be discussed below.

PREPA places little emphasis on empirical data to support its contentions. For example, PREPA states in the June 17 Motion, "It is PREPA's position that no rate increase will be necessary to fund either of PREPA's proposed budgets, nor the budgets of private operators."[29] When asked about the basis for this assertion, however, PREPA provided no objective support.[30] PREPA's proposed levels of Labor and Non-labor budgets also lack adequate support.

1. HoldCo (PropertyCo)

a. Labor

PREPA proposes a FY 2025 budget for \$8.201 for total labor expenses.[31]

In the June 25, Resolution,[32] the Energy Bureau specifically ordered PREPA to reduce the size of its labor force going forward to accurately reflect its reduced responsibilities and the contractual obligations of LUMA and Genera to assume certain of the former PREPA responsibilities. In addition, the Energy Bureau compared the labor levels of PREPA to those of LIPA[33] in New York. LIPA has a similar management structure to that of PREPA in that both contract with private entities to provide necessary services for the provision of electric service. Both had to reduce their labor levels to only the levels needed to provide their remaining services. The comparison was instructive in showing PREPA's labor force is excessive and was considered by the Energy Bureau in issuing its directives to PREPA.

The Energy Bureau will not reiterate the discussion in the June 25 Resolution, except to cite its finding:

"Now is the time to right-size PREPA. The LIPA labor figures under the LIPA Reform Act directive stand in stark contrast with those of PREPA for HOLDCO, which maintains 86 employees, budgeted at proposed Total Labor Operating

[28] June 25 Resolution, December 8 Resolution, et al.

[29] June 17 Motion, p. 1.

[30] Technical Conference, June 21, 2024, 3:24:20.

[31] June 24 Motion, Exhibit A.

[32] See, Resolution and Order, *In re: Review of LUMA's Initial Budgets,* Case No,: NEPR-MI-2021-0004, June 25, 2023 (June 25 Resolution).

[33] Long Island Power Authority ("LIPA").

Expenses of \$9.598 m.[34] The Energy Bureau determines that PREPA's HOLDCO employees should be reduced with the budget allocation reduced accordingly."[35]

PREPA has not followed this directive and proposes 86 employees in the FY 2025 Budget. In addition, PREPA intends to increase the salaries of 98 qualified employees of HoldCo and HydroCo by 15% for the Classification and Remuneration Plan. This level of increase is un-supported.

The Energy Bureau **MODIFIES** PREPA's requested Labor budget to reflect the budget initially approved in FY 2024 as adjusted for inflation.

b. Litigation Claims and Settlement Expense

PREPA proposes the addition of a budget line titled, Litigation Claims Settlement Expense, for \$8.5 million for FY 2025. While the intent of this budget line is appropriate, its addition in FY 2025 is premature. PREPA is in bankruptcy and in a position regarding claims against it, that differs from it otherwise would be. Settlements must be at least as beneficial to ratepayers as a litigated settlement would be and commensurate criteria and protections must be incorporated before such a budgetary expense is approved.

The Energy Bureau at this time **DENIES** PREPA's request for establishment of Litigation Claims and Settlement Expense Budget line in the amount of \$8.5 million.

c. Professional and Technical Outsourced Services

The Energy Bureau has carefully reviewed PREPA's proposed FY 2025 budget for Professional and Outsourcing Technical Services. The Energy Bureau finds that PREPA's request in this category is excessive and includes numerous activities that are not essential at his time, duplicate existing capabilities, or do not directly contribute to the safe and reliable supply of electricity. PREPA must recognize its current financial constraints and the need to right size its operations following the transition of responsibilities to LUMA and Genera. The Energy Bureau reminds PREPA that its primary focus should be on activities that directly support its core mission of ensuring safe and reliable electricity supply within the scope of its reduced responsibilities.

After thorough analysis, the Energy Bureau has identified several areas of concern:

i. Duplicative Efforts: Many of the proposed services seem to overlap with responsibilities already assigned to LUMA or other entities. For example, certain communications and public relations activities are now primarily LUMA's responsibility. PREPA must avoid duplicating these efforts and incurring unnecessary costs.

ii. Non-Essential Activities: Several proposed contracts involve activities that, while potentially beneficial in the long term, are not critical to

[34] June 9, 2024 Technical Conference ROI Response, PREPA HoldCo FY23 Budget (2013.06.14) [9819], FY24_HoldCoTab.

[35] June 25 Resolution, p. 24 of 47.

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PREPA's current operations or the immediate goal of providing safe and reliable electricity. These include certain studies, assessments, and planning activities that could be deferred until after PREPA's emergence from Title III bankruptcy.

iii. Excessive Administrative Costs: The Energy Bureau notes that some proposed contracts seem to involve excessive administrative costs that do not directly contribute to PREPA's operational effectiveness.

iv. Security Cost Duplication: The Energy Bureau has identified potential double-counting of security costs, particularly regarding the BONUS facility. PREPA must make sure security costs are accurately represented and not duplicated across different budget categories.

v. Title III-Related Services: Some proposed services seem to duplicate work already covered under the Title III budget line item. PREPA should leverage existing resources and contracts related to its bankruptcy proceedings rather than creating new, parallel efforts.

The Energy Bureau **DETERMINES** that PREPA's budget for Professional and Outsourcing Technical Services shall be reduced to $2.164MM to reflect only those services essential for the safe and reliable delivery of electricity and the fulfillment of PREPA's current core responsibilities.

d. External Audit Services

For FY2025, PREPA requests $4.769 million to cover the audit work for FY2024. This request is excessive, particularly when compared to:

i. The FY2024 budget request of $4.485 million, which was intended to complete both FY2021 and FY2022 audit work.

ii. The fact that Hacienda will cover the costs for the FY 2023 audit work.

iii. The expenditures of comparable utilities, which typically spend significantly less on external audit services. PREPA relates that Hacienda covered PREPA's professional services for the audit and issuance of PREPA's 2022 audited financial statements and will cover the amounts necessary to perform and issue PREPA's 2023 audited financial statements. PREPA states, however, that Hacienda will not pay for the drafting, auditing process and issuance of PREPA's financial statements for FY 2024.[36]

The Energy Bureau is unconvinced that the requested amount of $4.769 million for FY2024 audit work is justified or represents a prudent use of ratepayer funds. The Energy Bureau notes that:

i. The requested amount for a single year's audit exceeds the previous year's budget for two years of audit work.

ii. PREPA has not provided enough evidence it has explored more cost-effective alternatives or ways to leverage internal resources more efficiently.

iii. The subsidization of FY2023 audit costs by Hacienda should allow PREPA to reallocate resources and potentially reduce its reliance on external audit services.

Given the ongoing financial challenges faced by Puerto Rico's energy sector and the need to minimize costs for ratepayers, PREPA must align its expenditures with market realities and

[36] June 17 Motion, p. 7.

demonstrate prudent use of resources. The Energy Bureau believes that PREPA can achieve significant cost savings in its external audit services without compromising the quality and integrity of its financial reporting.

The Energy Bureau is concerned that PREPA has not demonstrated adequate oversight regarding the bidding of its proposed contracts for External Audit Services to determine whether services can be obtained at a lower rate, nor to demonstrate that the audit services to be provided cannot be performed by PREPA's own resources.

In light of these concerns and considerations, the Energy Bureau hereby **ORDERS** the following:

1. PREPA shall issue a Request for Proposals (RFP) for external audit services for FY2024. The RFP shall:
    a) Clearly define the scope of work required.
    b) Encourage proposals from a diverse range of qualified audit firms, including those that may offer more competitive pricing.
    c) Request that bidders provide detailed breakdowns of their proposed services and associated costs.
2. PREPA shall submit the results of the RFP process to the Energy Bureau within 30 days of its conclusion, including:
    a) A summary of all bids received, with a comparison of proposed services and costs.
    b) A detailed justification for PREPA's recommended selection, demonstrating how it is the most cost-effective option while maintaining high standards of audit quality.
3. PREPA shall provide a comprehensive plan for reducing its reliance on external audit support services, including:
    a) Strategies for enhancing internal audit capabilities.
    b) Identification of any potential duplication between external services and internal resources.
    c) A timeline for transitioning more audit responsibilities to internal staff, where appropriate.
4. Until the RFP process is completed and a new external audit services contract is approved by the Energy Bureau, PREPA's budget for external audit services for FY2025 shall be conditionally set at $2.2 million for FY24 external audit services, representing a more conservative estimate based on historical data and the reduced scope of PREPA's operations.

The Energy Bureau emphasizes this approach aims to make sure ratepayers are not burdened with excessive costs for external audit services while maintaining the integrity and quality of PREPA's financial reporting. The Energy Bureau remains committed to overseeing PREPA's financial management in a manner that balances fiscal responsibility with the need for transparency and accuracy in financial reporting.

The Energy Bureau **ESTABLISHES** PREPA's External Audit Services budget in FY 2025 Budget as $2.2 million.

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e. Security Services

The Energy Bureau has carefully reviewed PREPA's proposed FY 2025 security budget and supporting documentation. For FY 2025, PREPA requests $1,667 million for security services for HoldCo. This is a significant increase from the initial FY 2024 approved budget of $797,000.

The Energy Bureau recognizes PREPA's efforts to implement more cost-effective security measures, including the installation of electronic surveillance systems. As stated in the June 21 Technical Conference, PREPA is "finalizing a virtual security project where we seek to reach more facilities of the Puerto Rico energy system in coordination with the Genera operator also to reduce the costs of surveillance through security guards."[37] The Energy Bureau commends these initiatives to reduce reliance on manned security posts.

However, the Energy Bureau finds that PREPA's proposed security budget for FY2025 remains extremely excessive and does not reflect the expected reductions from eliminating superfluous security and implementing electronic surveillance. In the May 17 Resolution addressing PREPA's mid-year FY 2024 security budget request, the Energy Bureau stated: "PREPA seems to have severely mis-planned its security expenditures in view of its level of approved funding and the Energy Bureau admonitions that PREPA must operate within its approved budgets and should not expect the Energy Bureau to continue to grant additional funding to repeated requests." The Energy Bureau reiterates this position. The mid-year increases approved for FY 2024 were not a recognition of increased need, but a temporary allowance with the expectation that PREPA would make the adjustments to operate within reasonable security spending parameters.

In the June 21 Technical Conference, PREPA said the security contracts for the northern and southern regions were awarded through competitive bidding and that the FY 2025 budget reflects extensions of these contracts. However, the Energy Bureau finds that simply extending existing contracts does not show efforts to optimize security spending.

The Energy Bureau previously evaluated PREPA's full roster of security posts and shifts and considered them excessive. PREPA cannot continue to rely so heavily on manned security, especially given its reduced responsibilities following the transition of operations to LUMA and Genera. Further, Energy Bureau notes that while PREPA cites the need to secure water bodies and dams, many of these assets are directly related to agriculture and irrigation services outside of the scope of the supply of electricity and cannot be subsidized by ratepayers.

Therefore, the Energy Bureau **DETERMINES** that PREPA's security budget for FY 2025 shall remain at initial FY 2024 levels. This is a significant reduction from PREPA's request but allows for transition costs of implementing more electronic surveillance and eliminating security posts not directly affecting the safe and reliable supply of electricity.

f. Equipment, Inspections, Repairs, & Other O&M

PREPA requests a FY 2025 Budget of $2.063 million for Equipment, Inspections, Repairs & Other O&M.

The Energy Bureau has carefully reviewed PREPA's proposed budget for Equipment, Inspections, Repairs, & Other O&M for FY25. The Energy Bureau finds that the requested amount significantly exceeds what is necessary and reasonable given PREPA's current

[37] See Technical Conference, June 21, 2024, https://www.youtube.com/watch?v=n4Eqd9mq4vA, 2:40:25, Translated to English.

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responsibilities and operational scope. PREPA has not provided sufficient justification for the substantial increase in this budget category compared to previous fiscal years. The Energy Bureau reminds PREPA that its budget must reflect its reduced role following the transition of operations to LUMA and Genera. After thorough analysis and consideration of PREPA's current operational needs, the Energy Bureau DETERMINES that this budget category shall be reduced to align with PREPA's actual responsibilities and the level of activity necessary to ensure the safe and reliable delivery of electricity. PREPA is directed to prioritize essential maintenance and inspection activities within this reduced budget, focusing on those that directly impact system reliability and safety.

The Energy Bureau **APPROVES** a reduced amount of PREPA's FY 2025 Budget request in the amount of $1.444 for Equipment, Inspections, Repairs & Other O&M.

g. Shared Services Separation

The Energy Bureau has carefully examined PREPA's proposed budget for Shared Services Separation in FY 2025, including the information given during the June 21 Technical Conference. After thorough consideration, the Energy Bureau finds that the proposed Shared Services separation strategy and associated costs require further justification and evaluation.

i. **Shared Services Separation Strategy**PREPA proposes a separation of Shared Services from LUMA, with a transition period ending on September 30, 2024. The Energy Bureau acknowledges PREPA's efforts to establish independent operations as part of the ongoing restructuring process, however, the Energy Bureau is not convinced that the proposed separation strategy is the most cost-effective approach for ratepayers.

ıring the Technical Conference, PREPA representatives explained that the separation ocess aims to create independent IT/OT and financial systems for PREPA, LUMA, and NERA. While the Energy Bureau understands the intent behind this separation, it is ncerned about the potential duplication of costs and the overall efficiency of maintaining ree separate systems.

ii. ERP System Selection and Costs

The Energy Bureau is concerned with the proposed expenditure for Oracle EBS (E-Business Suite) or Oracle ERP Cloud licensing. While Oracle is a well-established ERP provider, it is known for being at the higher end of the price spectrum. Because PREPA is now a significantly smaller and a less complex organization than before the current operational model, the Energy Bureau questions whether such a high-end solution is necessary and cost-effective. Budgeted licensing costs across PREPA's proposed budget seem excessive when compared with existing market offerings.

The Energy Bureau notes that there are several other ERP solutions in the market that could meet PREPA's requirements at a lower cost.

iii. Evaluation of Alternatives

The Energy Bureau finds that PREPA has not provided enough support to show it has thoroughly explored more cost-effective alternatives to the proposed Oracle solution. PREPA has not shown it has comprehensively assessed its specific business requirements, IT infrastructure, and budget constraints given its reduced size and complexity.

iv. Joint IT Infrastructure Consideration

It is crucial that all options that could lead to improved system reliability and cost-effectiveness should be explored. The Energy Bureau is not convinced that a complete separation of IT infrastructure among PREPA, LUMA, and GENERA is the most efficient approach, particularly given the need for coordinated responses to system-wide events.

v. Directives

In light of these concerns, the Energy Bureau **ORDERS** PREPA to:

1. Defer its plan for complete Shared Services separation and the implementation of a new ERP system until it has performed and submitted a comprehensive cost-benefit analysis comparing:
    a) The proposed full separation strategy with Oracle ERP implementation
    b) A joint IT infrastructure approach with LUMA and/or GENERA

2. The cost-benefit analysis shall include, but not be limited to:
    a) A detailed assessment of PREPA's current and future business requirements
    b) Evaluating at least three alternative ERP solutions, including total cost of ownership over a 5-year period
    c) An analysis of potential efficiencies and cost savings from a joint IT infrastructure approach
    d) Consideration of system interoperability with key stakeholders, including Hacienda
    e) An assessment of how each approach would affect PREPA's ability to respond to and recover from major system events.

3. PREPA shall submit this cost-benefit analysis to the Energy Bureau within 30 days of notification of this Resolution and Order.

4. The Energy Bureau will review the analysis PREPA submits and issue further directives regarding the Shared Services separation and ERP implementation strategy.

The Energy Bureau emphasizes that the intent of this approach is to make sure ratepayers are not burdened with unnecessary costs while maintaining the operational efficiency and reliability of Puerto Rico's electrical system. The Energy Bureau remains committed to overseeing a transition that balances the needs of all stakeholders while prioritizing the public interest.

h. Necessary Maintenance Expenses ("NME")

PREPA proposes a FY 2025 Budget of $3.892 million for NME.

Much of the NME is devoted to the Bonus Plant Museum, which provides no benefit to the provision of safe and reliable electric service to Puerto Rico and should not be funded by Puerto Rico electric customers. PREPA relates that this is comprised of a one-time expense of $2.2 million[38] as recommended by the US Army Corps of Engineers, which is included in the HoldCo budget for the BONUS Plant an annual maintenance costs of $0.698128MM[39] which are included in PREPA's Regulation and Environmental budget. The annual maintenance costs are itemized, and the one-time cost is referenced as a report.

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[38] June 17 Motion, Exhibit D, p. 21 of 25.

[39] June 17 Motion, Exhibit D, p. 11 of 25.

This issue was discussed in the June 25 Resolution. In that resolution, the Energy Bureau directed both PREPA and Genera to take certain actions in the interest of appropriately alleviating expenses at the BONUS facility. Genera produced a report as directed, which in response to the possibility of transferring responsibility for the BONUS facility to Genera, concluded that it was outside Genera's contracted responsibilities and budget and that Genera did not have the expertise to reach further conclusions relative to the safety of the facility. PREPA was directed to provide comprehensive information on its responsibilities relative to the facility, including its contractual obligations with the US DOE.

The Energy Bureau finds the requested level of expense for a facility that provides no benefit to the electric consumers of Puerto Rico to be untenable. PREPA must explore and inform the Energy Bureau of alternatives.

The Energy Bureau **MODIFIES** PREPA's requested level of NME for the BONUS facility to the level approved for FY 2024 and **APPROVES** the amount of $0.645 million for FY 2025 HoldCo NME.

i. Retiree Medical Benefits

PREPA proposes an increase in Retiree Medical benefits of $1.807 million over FY 2024, from $7.950 million to $9.757 million, which is an increase of about 22%. In its budget proposal, PREPA explains there are about 6,830 retirees that receive the OPEB medical benefit and that more are expected, however, the number of additional qualifying employees seems to be fewer than 160.[40] PREPA discusses the changes to premiums based on scenarios presented by the current insurer in a 2023 RFP and other factors it expects to increase the cost of medical benefits.

Based on the small number of potential incoming qualifying employees and brief information provided to support a budget increase for FY 2025, the Energy Bureau maintains funding at FY 2024 levels.

2. HydroCo

a. Labor

PREPA proposes for HydroCo a Labor budget of $5.395 million for 84 employees. This is an increase of 30 employees over FY 2024 levels, from 54 employees to 84 employees and a commensurate increase of $.997 million. PREPA does not adequately explain or support this requested increase, which is an increase in employee numbers of over 50%. PREPA's reasoning for increasing base salaries under the Classification and Remuneration Plan and a 15% increase for qualified employees was discussed previously.

The Energy Bureau is concerned that PREPA has not reflected in its budgets the reduction in its responsibilities, as directed by the Energy Bureau. The proposed increases have not been adequately supported and will not be approved. The Energy Bureau approves the level of Labor funding for HydroCo, of $4.398MM as approved in the FY 2024 Budgets.

[40] June 17 Motion, Exhibit D, p. 3 of 25.

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b. Necessary Maintenance Expenses ("NME")

The Energy Bureau has carefully reviewed PREPA's proposed FY2025 budget for HydroCo's Necessary Maintenance Expenses (NME). After thorough analysis, the Energy Bureau finds that PREPA has not adequately justified the level of NME proposed for several key areas, including Hydroelectric Unit Improvement and maintenance, IT/OT Infrastructure expansion, Hydroelectric, Dams and Irrigation Security systems, and preliminary studies related to Dams and Reservoirs.

Of particular concern is the apparent lack of effort to pursue Federal Emergency Management Agency (FEMA) funding through Disaster Recovery grants for the proposed expenditures. The Energy Bureau reminds PREPA that as of April 18, 2024, more than $2 billion in federal funding has been approved for Hydro and Dam projects. It is imperative that PREPA maximizes the use of these federal funds before seeking to impact ratepayers through increased NME budgets.

The Energy Bureau **COMMENDS** PREPA on its initiatives to implement technology solutions to reduce reliance on manned security, as this aligns with the Energy Bureau's determinations in multiple previous orders. However, the overall proposed NME budget for HydroCo remains insufficiently justified and potentially excessive.

Therefore, the Energy Bureau **DETERMINES** that HydroCo's NME budget shall be constrained primarily to activities revolving around security technologies and other essential maintenance that cannot be funded through federal sources. The majority of hydro repairs and improvements should be done using the substantial federal dollars already approved and available.

c. Irrigation Services

The Energy Bureau has identified several areas of PREPA's proposed FY 2025 Budgets in which costs are directly attributable to irrigation services. It is important to make sure these costs are not subsidized by electricity ratepayers, as irrigation services should be self-sustaining and not impact the cost of electric service.

During the June 21 Technical Conference, PREPA Executive Director Josué Colón clarified the relationship between irrigation services and PREPA's broader operations. Mr. Colón stated, "The irrigation systems cannot be seen as isolated systems from the reservoirs. They are continuous systems, so to speak. Therefore, both the electronic surveillance systems being implemented and the supervision through security guards aim to provide adequate and appropriate security to the reservoirs, dams, and hydroelectric systems to protect those assets, both physical and water related."[41]

While the Energy Bureau acknowledges the interconnected nature of these systems, it is essential to distinguish **between costs associated with electricity generation and those related to irrigation services**. Mr. Colón further explained, that, "In the case of agriculture, we similarly take water from several of our reservoirs and distribute it through irrigation channels to farmers along the basin of those irrigation channels, and obviously the water is sold and billed for that product."[42]

[41] See Technical Conference, June 21, 2024, 2:42:29, https://www.youtube.com/watch?v=n4Edd9mq4vA. Translated to English.

[42] *Id*, 2:44:40. Translated to English.

This statement indicates **that irrigation services are a separate, billable service provided by PREPA.** At the June 21 Technical Conference, PREPA recognized that costs of these services, which exceed funds from customers of those services, must be assumed by the central government.[43] **The costs associated with these services should be fully recovered through the rates charged for irrigation water and from the Commonwealth, not through electricity rates.**

The Energy Bureau has identified several areas in PREPA's proposed budget where costs seem to be at least partially attributable to irrigation services, including:

1. Security costs for reservoirs and irrigation channels
2. Maintenance and operation of irrigation infrastructure
3. Personnel costs for employees managing irrigation systems
4. Administrative costs related to billing and customer service for irrigation customers

The Energy Bureau **DETERMINES** that these costs must be separated from PREPA's electricity-related operations and funded entirely through irrigation service revenues. Electric service ratepayers cannot be responsible for assuming irrigation services costs.

Therefore, the Energy Bureau **ORDERS** PREPA to:

1. Provide a detailed breakdown of all costs associated with irrigation services within 45 days of this Resolution and Order, including but not limited to personnel, maintenance, security, and administrative costs.
2. Develop and submit a plan within 60 days of this Resolution and Order to ensure full cost recovery for irrigation services through appropriate rate structures for irrigation customers.
3. Adjust its FY2025 budget to remove all irrigation-related costs from electricity operations and reflect them separately as part of the irrigation services business unit.
4. Submit a comprehensive report within 60 days of this Resolution and Order detailing:
    a) The current status of irrigation rate negotiations
    b) The parties involved in these negotiations
    c) Whether the OIPC[44] has been involved in these negotiations
    d) If OIPC has not been involved, provide a detailed explanation for their exclusion and a plan for their inclusion in future negotiations
5. Provide, within 60 days of this Resolution and Order, a detailed account of any discussions or agreements with the Government of Puerto Rico regarding the coverage of excess costs related to irrigation services.
6. Include in its quarterly reports:
    a) The progress of ongoing rate negotiations
    b) The involvement of OIPC and other stakeholders in these negotiations
    c) Any government contributions or subsidies received to cover irrigation costs

The Energy Bureau emphasizes that it will approve no budget that includes subsidization of irrigation services by electricity ratepayers. PREPA must take immediate action to make sure

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[43] *Id*, 2:43:45.

[44] Independent Consumers Protection Office ("OIPC", for its Spanish acronym.)

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irrigation services are operated on a financially independent basis, with costs fully recovered through appropriate rates or government subsidies specifically designated for this purpose.

The Energy Bureau acknowledges this separation may require some time to implement fully. However, PREPA must show concrete steps towards this goal in its FY25 budget and operations. Failure to do so may result in the Energy Bureau also adjusting PREPA's approved budget to protect ratepayers from inappropriately subsidizing irrigation services.

D. Energy Bureau Budget Revision

The Energy Bureau considers important priorities for the provision of safe and reliable electric service to customers in Puerto Rico in determining the proper budgets for LUMA, Genera and PREPA. The Energy Bureau has evaluated the individual budgetary expenditures proposed by LUMA, Genera and PREPA, and based on its review, has modified the respective Proposed FY 2025 Budgets as established in **Attachments A through F** of this Resolution and Order.

E. Public Comment

The Energy Bureau notes that in accordance with the Procedural Schedule as amended on May 8, 2024, the Public Comment Period concluded on June 25, 2024. The Energy Bureau facilitated the June 25 Public Hearing for the public to provide input, however no members of the public chose to participate.[45]

III. Conclusion

The FY 2025 Budget review process involves the review of budgets for LUMA, Genera, HoldCo and HydroCo. As a threshold finding, the Energy Bureau **DETERMINES** that the FY2025 Budgets, as modified by this Resolution and Order, comply with Act 57-2014[46] and the 2017 Rate Order.

The Energy Bureau must evaluate whether the components of the Annual Budgets have been appropriately identified and prioritized. The Annual Budgets must continue to provide for effective remediation and transformation of Puerto Rico's electric system and reflect and build on the work and activities discussed in prior year's budgets. The proposed Annual Budgets must also meet the various regulatory requirements set forth in statute, regulation, and policy. After a review of the Parties' submissions and responses to the questions posed in ROIs and in the Technical Conference, the Energy Bureau **MODIFIES** the Annual Budgets submitted by LUMA as specified in **Attachments A through F** and **APPROVES** the modified budgets **subject to the reporting requirements of Attachments G and H established in this Resolution and Order**. **All existing Reporting Requirements remain in full force and effect.**

The Energy Bureau **DETERMINES** that it shall open a proceeding in the near future to address the separation of the costs associated to irrigations services from hydroelectric services. The purpose is to distinguish between costs associated with electricity generation and those related to water supply services as indicated in Section C.2.c of this Resolution and Order regarding HydroCo and Irrigation services.

On April 12, 2024, the Energy Bureau issued a Resolution and Order in the Rate Review proceeding[47], which, among other matters ordered LUMA to **SET ASIDE Phase II and Phase**

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[45] Available at: https://youtu.be/KD-CQpxyKlk (last visited June 26, 2024).

[46] Act 57-2014

[47] *In re: Puerto Rico Electric Power Authority Rate Review*, case no. NEPR-AP-2023-0003.

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III of the Rate Review until the Title III Court rendered its decision on the Amended Debt Adjustment Plan, so that all matters associated with PREPA's Title III case could be considered within the Rate Review proceeding.

On June 17, 2024, the U.S. Court of Appeals for the First Circuit's determination of assessing the bondholder's security interest from PREPA's Net Revenues generates uncertainty regarding the final resolution of the bankruptcy case. Due to the uncertainty created by the Court of Appeals' determination, the Energy Bureau will issue an order in the Rate Review proceeding to **REINITIATE** the Rate Review process. The Energy Bureau will address the efficiencies that pertain to the LUMA and Genera contracts as a key issue in the Rate Review Proceeding.

The Energy Bureau **WARNS** LUMA, Genera, and PREPA that

(i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to $25,000 per day;

(ii) any person who intentionally violates Act 57-2014, as amended, by omitting, disregarding, or refusing to obey, observe, and comply with any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars ($500) nor over five thousand dollars ($5,000) at the discretion of the Energy Bureau; and

(iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars ($10,000) nor greater than twenty thousand dollars ($20,000), at the discretion of the Energy Bureau.

Be it notified and published.

Edison Avilés Deliz
Chairman

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 26, 2024. Associate Commissioner Lillian Mateo Santos and Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on June 26, 2024 a copy of this Resolution and Order was notified by electronic mail to the following: o pre@promesa.gov; margarita.mercado@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; iulian.angladapagan@us.dlapiper.com; mvalle@gmlex.net; arivera@gmlex.net; legal@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com. I also certify that on June 26, 2024, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

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I sign this in San Juan, Puerto Rico, on June 26, 2024.

Wanda I. Cordero Morales
Interim Clerk

NEGOCIADO DE ENERGÍA
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DE PUERTO RICO

ATTACHMENT A
Approved FY25 Electric Utility Budgets

FY 2025 Electric Utility Annual Budgets Summary
($ in 000s)

		PETITIONED		APPROVED[1]	
1	**TRANSMISSION AND DISTRIBUTION**		**$692,006**		**$692,663**
2	T&D Operating Expenditures	568,321		582,096	
3	T&D Non-Federally Funded Capital Expenditures	123,685		110,567	
4					
5	**GENERATION**		**$345,419**		**$313,961**
6	GenCo Operating and Capital Expenditures	319,244		300,322	
7	HydroCo Operating and Capital Expenditures	26,175		13,639	
8	**HOLDCO (PROPERTYCO) OPERATING AND CAPITAL EXPENDITURES**		**$54,134**		**$34,220**
9	**OPERATION AND MAINTENANCE FEES - PRIVATE OPERATORS**		**$159,061**		**$159,061**
10	LUMA Fees	134,736		134,736	
11	Genera Fees	24,325		24,325	
12	**BANKRUPTCY TITLE III ADVISOR COSTS**		**$27,450**		**$27,450**
13	**FOMB ADVISOR COSTS**		**$28,968**		**$28,968**
14	**BAD DEBTS**		**$59,529**		**$59,529**
15	**TOTAL NON-FEDERALLY FUNDED ELECTRIC UTILITY EXPENDITURES**		**$1,366,567**		**$1,315,852**

Notes
[1] $164,396 funded outside base rate revenues through directly allocated cost recovery income and additional available funding through surplus cash as means to maintain current permanent rates as set in the 2017 Rate Order.

	FEDERALLY FUNDED CAPITAL EXPENDITURES	**APPROVED**
16	T&D FEDERALLY FUNDED CAPITAL EXPENDITURES	$1,207,157
	GENERATION FEDERALLY FUNDED CAPITAL EXPENDITURES	
17	GenCo[2]	$1,774,120
18	HydroCo[3]	$2,140,360

Notes
[2] Total federally funded capital expenditures approved by the Energy Bureau through April 18 2024 for recovery work in generation plants related to disasters impacting the Island since 2017.
[3] Total federally funded capital expenditures approved by the Energy Bureau through April 18, 2024 for recovery work in dams and hydroelectric plants related to disasters impacting the Island since 2017.

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ATTACHMENT B

Approved FY25 GridCo (LUMA) Budgets

FY 2025 T&D Operating Budget

($ in 000s)

		Customer Experience	Operations[1]	Utility Transformation	Support Services	2025
1	SUBTOTOTAL LABOR AND NON-LABOR EXPENSES (DEPARTMENTS)	84,340	237,766	29,999	218,577	$570,682
2	2% Reserve for Excess Expenditures					$11,414
3	TOTAL OPERATING BUDGET					$582,096

		Customer Experience	Distribution	Transmission	Substations	Control Center & Buildings	Enabling	Support Services	2025
4	SUBTOTOTAL NON-FEDERALLY FUNDED CAPITAL BUDGET (PORTFOLIOS)	11,065	35,771	5,863	19,770	3,536	23,558	8,836	$108,399
5	2% Reserve for Excess Expenditures								$2,168
6	TOTAL NON-FEDERALLY FUNDED CAPITAL BUDGET								$110,567
7	TOTAL T&D OPERATING AND NON-FEDERALLY FUNDED CAPITAL BUDGET								$692,663

Notes

[1] Vegetation Management and Capital Clearing Implementation funding: $221,707 (OpEx portion $63,507).

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ATTACHMENT C

Approved FY25 GenCo (Genera) Budgets

FY 2025 GenCo Operating Budget

($ in 000s)

1	LABOR OPERATING EXPENSES	$75,404
2	NON-LABOR	$71,103
3	NME	$85,318
4	Generation Maintenance Reserve	$11,671
5	SHARED SERVICES	$56,826
6	**TOTAL OPERATING BUDGET**	**$300,322**

Notes

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ATTACHMENT D
Approved FY25 HydroCo (PREPA) Budgets

FY 2025 HydroCo Operating Budget

($ in 000s)

1	LABOR OPERATING EXPENSES	$4,398
2	NON-LABOR EXPENSES	$5,470
3	NME	$1,234
4	SHARED SERVICES	$2,537
5	**TOTAL OPERATING BUDGET**	**$13,639**

Notes

ATTACHMENT E

Approved FY25 HoldCo/PropertyCo (PREPA) Budgets

FY 2025 HoldCo (PropertyCo) Operating

($ in 000s)

1	LABOR OPERATING EXPENSES	$7,892
2	NON-LABOR	$21,878
3	NME	$645
4	SHARED SERVICES	$3,805
5	**TOTAL OPERATING BUDGET**	**$34,220**

Notes

ATTACHMENT F

Approved NME Activities – GenCo (Genera)

Plant	DESCRIPTION	FY2025
CS	Repair of the Water Treatment System for Water of Process	$1,000,000
CS	Water Treatment Plant Maintenance Services (Sewer and Processed Waters)	$250,000
CS	Water Pretreatment and Treatment (DEMI)Reverse Osmosis & Electrodionization	$250,000
CS	Repair Cooling Tower Unit 5	$850,000
CS	Manufacture and Delivery of Bifurcate (Boiler) Tubes Unit 5	$255,000
CS	Manufacture and Delivery of Hot Sections Baskets Unit 5&6 Air Heaters	$1,032,000
SJ	LTSA Units 5&6	$11,000,000
SJ	HRSG Hot Spots Mitigations U6	$75,375
SJ	Safety Valves Rehabilitation and Certification U5-6	$49,000
SJ	Upgrade Communication Profibus U5-6	$100,000
SJ	Replacement Battery Banks CTGs Units 7-10	$455,000
SJ	Water Treatment Plant Nautilus Tank # 1 and # 2 Rehabilitation & Repair	$600,000
SJ	DEMI Water Treatment Resin Purchase	$150,000
SJ	Replacement of the Online Condenser Cleaner Unit 6	$450,000
PS	WTP Acid & Soda Pumps Replacement	$100,000
PS	Unit #4 Economizer Water Inlet Valve	$150,000
PS	Instrumentation for Performance Test of Units 3 & 4	$600,000
PS	New Demi Water Tank #2	$1,800,000
PS	Replacement Multi-Media Filters WTP	$600,000
PS	Manufacture and Delivery of a Deaerator Pump	$412,000
Ag S	Aguirre Unit 2 - Environmental Maintenance Project	$2,500,000
Ag S	HP & IP Rotors Rehabilitation &Trip block & H2 seals replacement U2	$2,055,126
Ag S	Improvements to the pier and replacement of sections of lines for fuel	$375,000
Ag S	Generator Spare Rotor Rewind	$1,800,000
Ag S	Structural Rehabilitation Nautilus Water Tank, Water Treatment Plant	$850,000
Ag S	Replacement Battery Banks Units 1&2	$415,000
Ag S	Manufacture and Delivery of Flow Control Valves DCV-1	$320,000
Ag CC	Generator Rotor Full Rewind	$1,400,000
Ag CC	Major inspection of units GT 2-3.	$6,400,000
Ag CC	HGPI 1-4	$2,200,000
Ag CC	Relocate Transformer	$975,000
Ag CC	Steam Path, Steam Pipes & Auxiliar Repair and Rehabilitation	$1,000,000
Ag CC	Gas Turbine Rotor Refurbish MS7001B/AE	$1,500,000
Ag CC	Turbine Driven Boiler Feed Pumps Bundle Acquisition	$500,000
Ag CC	Replace Cable 4/0 AWG/4.16Kv/8Kv - Bunker C SP1-1 Pumps	$250,000
Ag CC	Manufacture and Delivery BFWP 5,000 HP Motor	$500,000
Ag CC	Manufacture and Delivery of 2 Breakers 245kV	$250,000
M	Reparacion & Remplazo Componentes Combustores Unidad 2B	$550,000
M	Hot Section Inspection Unit 4A	$4,500,000
M	Multi Media Filter Demi Plant	$300,000
M	Washer RO (3) Demi Plant	$40,000
M	Repair & Replace Combustors Components Unit 3A	$550,000
M	4 Generator (Brush) Major Inspection	$1,850,000
M	Demi Plant Services & Hydro Test	$40,000
C	Purchase of Materials for Turbo Compressor Inspection C	$10,000,000
C	Inspection A, B & C	$3,500,000
C	Generator Inspection & Maintenance	$300,000
C	Compressor Inspection & Maintenance	$100,000
C	Structural Rehabilitation Fuel #2	$1,500,000
C	AVR Replacement Work 2-3	$160,000
PK	Fuel Nozzle Repair & Replacement Frame 5000	$150,000
PK	Combustion Inspection & Repair Frame 5000	$200,000
PK	Major Inspection Frame 5000 (PS1-1, PS 2-1, Jobos 1-2)	$3,500,000
PK	MobilePac Borescope Inspection & Turbine Alignment (6 inspections)	$240,000
PK	MobilePac Annual Audit	$450,000
Temp Pwr	O&M - Temporary Power (TM 2500) Annual Inspection	$1,820,000
System	Manufacture & Delivery Traveling Screen	$1,000,000
System	Emergency Blackstart System Lease - Aguirre Thermoelectric (~25MW)	$11,100,000

	TOTAL	$85,318,501

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ATTACHMENT G

LUMA Monthly Reporting Requirements – Vegetation Management

VEGETATION MANAGEMENT MONTHLY REPORTING
TRANSMISSION LINES

LINE VOLTAGE	TRANSMISSION LINE ID #	IMPACTED ZONE[1]	CIRCUIT MILES CLEARED	# OF TOWERS/POLES IMPACTED	URBAN / RURAL SITE	RIGHT OF WAY (ROWs) WIDTH	ROW ACRES CLEARED	NAME OF CONTRACTOR	RESOURCES ASSIGNED & THEIR CLASIFICATIONS (LUMA Employees and Contractors)	TYPE OF RESPONSE[2]	TYPE OF VM IMPLEMENTED[3]	TYPE OF VM DISPOSAL CLASIFICATION[4]	RECOMMENDATIONS FOR FUTURE VM[5]	VM ACTIVITY POINT OF CONTACT (POC)	AMOUNT INVOICED - QUATERLY[6]	FEDERAL PA OBLIGATION FUNDS	NONFEDERAL FUNDS	OPERATION EXP

[1] IMPACTED ZONE - WIRE ZONE, BORDER ZONE, STRIKE ZONE
[2] TYPE OF RESPONSE - REACTIVE, CORRECTIVE, PREVENTIVE
[3] TYPE OF VM IMPLEMENTED - BIOLOGICAL, PHYSICAL OR CHEMICAL CONTROL
[4] TYPE OF VM DISPOSAL CLASIFICATION - CHIP & HAUL, CHIP & BLOW, PILE / WINDROW, LOP & SCATTER, MULCHIN
[5] RECOMMENDATIONS FOR FUTURE VM - Describe recommended species, cadence of any herbicide application
[6] AMOUNT INVOICED - QUARTERLY - Submissions on November 1st, February 1st, May 1st, and August 1st reflecting previous Quarter

VEGETATION MANAGEMENT MONTHLY REPORTING
SUBSTATIONS

SUBSTATION ID	PRIMARY & SECONDARY VOLTAGES	KVA	CLEARED AREA	URBAN OR RURAL SITE	MUNICIPALITIES IMPACTED	NAME OF CONTRACTOR	RESOURCES ASSIGNED & THEIR CLASIFICATIONS (LUMA Employees and Contractors)	TYPE OF RESPONSE[1]	TYPE OF VM IMPLEMENTED[2]	TYPE OF VM DISPOSAL CLASIFICATION[3]	RECOMMENDATIONS FOR FUTURE VM[4]	VM ACTIVITY POINT OF CONTACT (POC)	AMOUNT INVOICED - QUARTERLY[5]	FEDERAL PA OBLIGATION FUNDS	NONFEDERAL FUNDS	OPERATION EXP

[1] TYPE OF RESPONSE - REACTIVE, CORRECTIVE, PREVENTIVE
[2] TYPE OF VM IMPLEMENTED - BIOLOGICAL, PHYSICAL OR CHEMICAL CONTROL
[3] TYPE OF VM DISPOSAL CLASIFICATION - CHIP & HAUL, CHIP & BLOW, PILE / WINDROW, LOP & SCATTER, MULCHIN
[4] RECOMMENDATIONS FOR FUTURE VM - Describe recommended species, cadence of any herbicide application
[5] AMOUNT INVOICED - QUARTERLY - Submissions on November 1st, February 1st, May 1st, and August 1st reflecting previous Quarter

VEGETATION MANAGEMENT MONTHLY REPORTING
DISTRIBUTION LINES

LINE VOLTAGE	PRIMARY DISTRIBUTION LINE ID #	IMPACTED ZONE[1]	CIRCUIT MILES CLEARED	# OF POLES IMPACTED	URBAN OR RURAL SITE	MUNICIPALITIES IMPACTED	RIGHT OF WAY (ROWs) WIDTH	NAME OF CONTRACTOR	RESOURCES ASSIGNED & THEIR CLASIFICATIONS (LUMA Employees and Contractors)	TYPE OF RESPONSE[2]	TYPE OF VM IMPLEMENTED[3]	TYPE OF VM DISPOSAL CLASIFICATION[4]	RECOMMENDATIONS FOR FUTURE VM[5]	LUMA LABOR REQUIRED	VM ACTIVITY POINT OF CONTACT (POC)	AMOUNT INVOICED - QUARTERLY[6]	FEDERAL PA OBLIGATION FUNDS	NONFEDERAL FUNDS	OPERATION EXP

[1] IMPACTED ZONE - REMOVAL/REDUCTION ZONE, EDGE ZONE, STRIKE ZONE
[2] TYPE OF RESPONSE - REACTIVE, CORRECTIVE, PREVENTIVE
[3] TYPE OF VM IMPLEMENTED - BIOLOGICAL, PHYSICAL OR CHEMICAL CONTROL
[4] TYPE OF VM DISPOSAL CLASIFICATION - CHIP & HAUL, CHIP & BLOW, PILE / WINDROW, LOP & SCATTER, MULCHIN
[5] RECOMMENDATIONS FOR FUTURE VM - Describe recommended species, cadence of any herbicide application
[6] AMOUNT INVOICED - QUARTERLY - Submissions on November 1st, February 1st, May 1st, and August 1st reflecting previous Quarter

VEGETATION MANAGEMENT MONTHLY REPORTING
LOW VOLTAGE DISTRIBUTION LINES

LINE VOLTAGE	LOW VOLTAGE DISTRIBUTION LINE ID #	IMPACTED ZONE[1]	CIRCUIT MILES CLEARED	# OF POLES IMPACTED	URBAN / RURAL SITE	MUNICIPALITIES IMPACTED	RIGHT OF WAY (ROWs) WIDTH	NAME OF CONTRACTOR	RESOURCES ASSIGNED & THEIR CLASIFICATIONS (LUMA Employees and Contractors)	TYPE OF RESPONSE[2]	TYPE OF VM IMPLEMENTED[3]	TYPE OF VM DISPOSAL CLASIFICATION[4]	RECOMMENDATIONS FOR FUTURE VM[5]	VM ACTIVITY POINT OF CONTACT (POC)	AMOUNT INVOICED QUARTERLY[6]	FEDERAL PA OBLIGATION FUNDS	NONFEDERAL FUNDS	OPERATION EXP

[1] IMPACTED ZONE - REMOVAL/REDUCTION ZONE, EDGE ZONE, STRIKE ZONE
[2] TYPE OF RESPONSE - REACTIVE, CORRECTIVE, PREVENTIVE
[3] TYPE OF VM IMPLEMENTED - BIOLOGICAL, PHYSICAL OR CHEMICAL CONTROL
[4] TYPE OF VM DISPOSAL CLASIFICATION - CHIP & HAUL, CHIP & BLOW, PILE / WINDROW, LOP & SCATTER, MULCHIN
[5] RECOMMENDATIONS FOR FUTURE VM - Describe recommended species, cadence of any herbicide application
[6] AMOUNT INVOICED - QUARTERLY - Submissions on November 1st, February 1st, May 1st, and August 1st reflecting previous Quarter

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ATTACHMENT H

Genera Monthly Reporting Requirements – Generation Maintenance

Thermal Generation Facility Maintenance Report
Aguirre, Costa Sur, Palo Seco, San Juan Power Plants
Monthly Reporting

POWER PLANT & UNIT NUMBER	NME MAINTENANCE ACTIVITY	ACTIVITY BUDGET	START DATE	COMPLETION DATE	ACTIVITY STATUS - PERCENTAGE FOR COMPLETION	PARTS PROCUREMENT STATUS	PROCUREMENT / BID (S) NUMBER	POC - MAINTENANCE ACTIVITY	DEVIATION SCHEDULE EXPLANATION - DESCRIBE ANY FORCED OUTAGE CONTRIBUTING TO THIS DEVIATION	CONTRACTOR/SUPPLIER	AMOUNT INVOICED	AMOUNT PAID	AMOUNT IN PROCESS TO BE PAID	BUDGET AMOUNT