

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

<b>NEPR</b>
<b>Received:</b>
Nov 20, 2024
10:36 AM

**IN RE:** LUMA INITIAL BUDGETS AND  
RELATED TERMS OF SERVICE

**CASE NO.:** NEPR-MI-2021-0004

**MOTION IN COMPLIANCE WITH NOVEMBER 18 RESOLUTION AND ORDER  
REGARDING PREPA EMPLOYEE RETIREMENT SYSTEM FUNDING**

**TO THE HONORABLE ENERGY BUREAU:**

COMES NOW, the **PUERTO RICO ELECTRIC POWER AUTHORITY** (“PREPA”) through its undersigned legal counsel and respectfully States and Prays as follows:

**I. INTRODUCTION**

1.1 On November 15, 2024, PREPA filed an *Urgent Motion to Address PREPA Employee Retirement System Funding* before the Puerto Rico Energy Bureau (“PREB” or “Energy Bureau”).

1.2 The motion emphasized the critical funding challenges facing the PREPA Employee Retirement System (“PREPA ERS”), which provides monthly pension benefits to approximately 10,098 retirees and 2,438 spouses, totaling approximately \$24 million<sup>1</sup>. PREPA explained that these funds are projected to be exhausted by December 2024, leaving thousands of retirees and their families in financial uncertainty.

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<sup>1</sup> Exhibit A – *Certificación de Estimado de Efectivo*

1.3 The motion detailed PREPA's efforts to secure funding destined to cover the monthly pension payments, including:

- Implementing an aggressive plan to expedite FEMA reimbursements, resulting in approximately \$1.2 billion secured, of which \$177 million was allocated to pensions.
- Relying on a \$300 million loan authorized by the Financial Oversight and Management Board ("FOMB") to continue pension payments.

1.4 Given the urgency of the approaching December 2024 deadline, PREPA urged the Energy Bureau to assist in identifying and implementing a sustainable solution for pension funding without delay.

1.5 PREPA further underscored the critical importance of ensuring pension continuity and urged PREB to act swiftly and decisively. In its *Resolution and Order* dated November 18, 2024 the Energy Bureau directed PREPA to, within two days:

1. Submit a proposal to reallocate funds from the HoldCo FY2025 Approved Budget to cover pension obligations, even partially; and/or
2. File a petition under Act 57-2014 to identify solutions to the pension funding crisis, including potential collaboration with LUMA.

## **II. PREPA'S BUDGETARY FRAMEWORK AND OPERATING ENTITIES**

2.1 PREPA's budget is subject to review by the Energy Bureau and final certification by the FOMB. For Fiscal Year 2025, PREPA's HoldCo budget, which encompasses its technical and administrative support functions, totals \$34.217 million, representing only 3.29% of the total combined budgets for HoldCo, GridCo

(\$692.663 million), GenCo (\$300.322 million), and HydroCo (\$13.639 million).<sup>2</sup>

2.2 As is evident, the operational budgets allocated to the private operators are significantly larger, while PREPA's HoldCo and HydroCo budgets remain comparatively limited.

2.3 HydroCo is responsible for the operation and maintenance of the hydroelectric units at 15 sites; three irrigation systems: on the north, southeast and southwest of PR with over 278 miles of canals for the water distribution to agriculture, PRASA, and manufacturing industries; 20 dams and reservoirs. These facilities not only support renewable energy generation but also ensure the delivery of water for agricultural use and community needs, playing a key role in the island's energy and water infrastructure.

2.4 In turn, HoldCo provides technical and administrative support, especially for the development of federally funded projects. The 24 hydroelectric units in 15 different sites have a total installed capacity of approximately ~100 MW, the project is to increase for a maximum of ~125 MW.

### **III. IMPOSSIBILITY OF REALLOCATION OF THE HOLDCO FY2025 APPROVED BUDGET**

3.1 PREPA has carefully reviewed its HoldCo FY2025 budget in response to the Energy Bureau's directive to propose a reallocation of funds to address the pension funding crisis. After thorough analysis, PREPA must respectfully state that such a reallocation is not feasible due to the limited size and rigid structure of the HoldCo budget, as well as the significant operational responsibilities that PREPA

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<sup>2</sup> Exhibit B FOMB- Letter- Governor- PREPA Certified Budget

must fulfill with these constrained resources.

3.2 The total HoldCo budget for FY2025 is \$34.217 million, which represents only 3.29% of the combined budgets of HoldCo, GridCo, GenCo, and HydroCo. This amount is woefully inadequate when compared to the \$24 million monthly obligation required to meet pension payments for approximately 10,098 retirees and 2,438 spouses.

3.3 Even if the entirety of the HoldCo budget were reallocated, it would barely cover a single month's pension obligation, leaving PREPA without the resources necessary to perform its essential functions for the rest of the fiscal year.

3.4 Moreover, a significant portion of the HoldCo budget is already preallocated to cover essential administrative, technical, and operational functions that support the broader energy system. These functions include:

- Administrative oversight required to coordinate PREPA's operations across its subsidiaries.
- Technical support essential for maintaining regulatory compliance and operational continuity.
- Financial and legal responsibilities, including debt servicing and contractual obligations.

3.5 Any attempt to reallocate funds from this already constrained budget would undermine PREPA's ability to perform these critical functions, placing the stability of Puerto Rico's energy system at risk.

3.6 PREPA's monthly pension obligation of \$24 million starkly contrasts with its total HoldCo budget for FY2025, which is insufficient to cover even two months of payments. This illustrates the fundamental impossibility of addressing the pension funding crisis through reallocations within the HoldCo budget. Any

attempt to do so would not only fail to resolve the pension issue but also destabilize PREPA's operational and administrative functions, with significant repercussions for Puerto Rico's energy and water systems.

3.7 Given the rigid constraints of the HoldCo budget and the significant preallocations for essential functions, PREPA respectfully submits that reallocating funds from the HoldCo FY2025 budget to cover pension obligations is not a viable solution. Such a reallocation would not only jeopardize PREPA's operational integrity but also fail to meaningfully address the magnitude of the pension funding crisis. PREPA remains committed to working with the Energy Bureau and other stakeholders to identify alternative solutions to ensure the continuity of pension payments.

#### **IV. PROPOSED SHORT-, MID-, AND LONG-TERM SOLUTIONS**

4.1 While reallocating funds from the HoldCo FY2025 budget is not a feasible solution, in compliance with the November 18<sup>th</sup> Resolution and Order, PREPA has identified a range of short-, mid-, and long-term strategies that could address the pension funding crisis and ensure the continuity of payments to retirees. These solutions require collaboration between PREPA, the Energy Bureau, the Central Government of Puerto Rico, and private operators to achieve sustainable outcomes.

##### **1. FEMA Reimbursement Request (Short Term Solution)**

On October 4, 2024, PREPA and COR3 submitted RFR 0031443 under PW 75 to FEMA, requesting an additional \$74,255,336.63. It is anticipated that these funds

will be obligated by mid December and their approval would allow PREPA to make at least three months of pension payments, providing immediate financial relief while other solutions are developed and implemented. PREPA urges all relevant stakeholders to advocate for the swift approval of this request to address the urgent funding needs of the Employee Retirement System.

## **2. Loan from the Central Government of Puerto Rico (Mid Term Solution)**

PREPA proposes that the Central Government of Puerto Rico extend a loan to cover the remainder of the pension obligations for FY2025. This measure would provide immediate relief to ensure uninterrupted pension payments while allowing time for the development and implementation of mid- and long-term solutions. Such a loan would be consistent with prior financial interventions from AAFAF, the Central Government and FOMB to address critical funding shortfalls for public corporations.

## **3. Resolution Through Title III Proceedings (Long Term Solution)**

The resolution of the pension funding crisis ultimately relies on the Title III proceedings currently before Judge Taylor Swain. PREPA has no direct authority or decision-making power in this process, as the restructuring of legacy debt falls under the purview of FOMB, as exclusive representative of PREPA, as the debtor. Thus PREPA must defer to FOMB the long-term resolution for the pension obligations through the mechanisms established under PROMESA, particularly, confirmation of the Plan of Adjustment for PREPA.

While PREPA lacks a formal role in the Title III proceedings, it will continue to advocate for equitable solutions that prioritize the financial stability of the Employee Retirement System and the continuity of pension payments.

**WHEREFORE**, PREPA respectfully requests that the Energy Bureau TAKE NOTICE of the instant motion and deems PREPA in compliance with the Resolution and Order of November 19, 2024.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 20<sup>th</sup> day of November 2024.

**CERTIFICATE OF SERVICE:** We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and courtesy copies were sent via e-mail to LUMA Energy, LLC through its counsels of record at [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com), [Yahaira.delarosa@us.dlapiper.com](mailto:Yahaira.delarosa@us.dlapiper.com) and to Genera PR, LLC through its counsels of record at [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com); [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com).

**GONZÁLEZ & MARTÍNEZ**

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San Juan, PR 00911-1933  
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TSPR No.: 18747

Email: [arivera@gmlex.net](mailto:arivera@gmlex.net)

**SISTEMA DE RETIRO DE LOS EMPLEADOS DE LA  
AUTORIDAD DE ENERGÍA ELÉCTRICA DE PUERTO RICO**

Exhibit - A



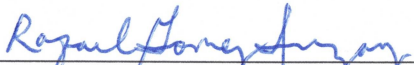
**CERTIFICACIÓN DE ESTIMADO DE EFECTIVO**

Certificamos que el Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica necesitará recibir transferencias para el pago de beneficios de jubilación, otros beneficios y otros desembolsos, de enero a septiembre de 2025, según el siguiente estimado de efectivo:

	Enero <sup>1</sup>	Febrero <sup>1</sup>	Marzo <sup>1</sup>	Abril <sup>1</sup>	Mayo <sup>1</sup>	Junio <sup>1</sup>	Julio <sup>1</sup>	Agosto <sup>1</sup>	Septiembre <sup>1</sup>
Efectivo en Banco Local	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902	\$5,979,902
Inversión Liquidable (NT Short-term Gov't Bond Index)	4,471,460	4,471,600	4,471,600	4,471,600	4,471,600	4,471,600	4,471,600	4,471,600	4,471,600
<b>BALANCE INICIAL EFECTIVO</b>	<b>10,451,362</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>	<b>10,451,502</b>
<b>Recibos Mensuales de Efectivo</b>									
<b>Aportaciones AEE:</b>									
Aportación Patronal	389,932	383,629	377,238	381,577	378,629	375,629	376,144	373,322	369,995
<b>Descuentos a Miembros:</b>									
Aportaciones	1,634,874	1,634,874	1,634,874	1,634,874	1,634,874	1,634,874	1,634,874	1,634,874	1,634,874
Préstamos Personales	425,799	425,799	425,799	425,799	425,799	425,799	425,799	425,799	425,799
Préstamos Hipotecarios	424,032	424,032	424,032	424,032	424,032	424,032	424,032	424,032	424,032
Otros Recibos de Efectivo	445,322	445,322	445,322	445,322	445,322	445,322	445,322	445,322	445,322
<b>Total Recibos de Efectivo</b>	<b>3,319,959</b>	<b>3,313,656</b>	<b>3,307,265</b>	<b>3,311,604</b>	<b>3,308,656</b>	<b>3,305,656</b>	<b>3,306,171</b>	<b>3,303,349</b>	<b>3,300,022</b>
<b>Desembolsos Mensuales de Efectivo</b>									
Nómina de Jubilados y Bene. Cónyuge Supérstite	(23,417,078)	(23,417,078)	(23,417,078)	(23,417,078)	(23,417,078)	(23,417,078)	(23,420,577)	(23,420,577)	(23,420,577)
Año de Sueldo	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)	(1,900,200)
Bono de Verano/Aguinaldo Navideño	-	-	-	-	-	(1,035,400)	-	-	-
Pago Otros Beneficios y Otros Pagos	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)	(12,654,701)
<b>Total Desembolsos de Efectivo</b>	<b>(37,971,979)</b>	<b>(37,971,979)</b>	<b>(37,971,979)</b>	<b>(37,971,979)</b>	<b>(37,971,979)</b>	<b>(39,007,379)</b>	<b>(37,975,478)</b>	<b>(37,975,478)</b>	<b>(37,975,478)</b>
<b>BALANCE FINAL EFECTIVO</b>	<b>(\$24,200,658)</b>	<b>(\$24,206,821)</b>	<b>(\$24,213,212)</b>	<b>(\$24,208,873)</b>	<b>(\$24,211,821)</b>	<b>(\$25,250,221)</b>	<b>(\$24,217,805)</b>	<b>(\$24,220,627)</b>	<b>(\$24,223,954)</b>

<sup>1</sup> Cantidades estimadas

En San Juan, Puerto Rico, hoy 19 de noviembre de 2024.

  
Rafael Gómez Irizarry, Administrador





David A. Skeel Jr.  
**Chair**

**Members**  
Andrew G. Biggs  
Arthur J. González  
John E. Nixon  
Betty A. Rosa  
Juan A. Sabater

Robert F. Mujica Jr.  
**Executive Director**

**BY ELECTRONIC MAIL**

June 28, 2024

Honorable Pedro R. Pierluisi  
Governor of Puerto Rico

Dear Governor Pierluisi:

Pursuant to a Resolution, a copy of which is attached hereto as **Exhibit A** (the Resolution”), adopted by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), and Section 202(e)(4) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Oversight Board hereby issues to the Governor this compliance certification that the Fiscal Year 2025 budget for the Puerto Rico Electric Power Authority (“PREPA”), attached as **Exhibit 1** to the Resolution (the “FY2025 PREPA Budget”), is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to working with the Government and PREPA to fully implement the FY2025 PREPA Budget for the benefit of the people of Puerto Rico.

Sincerely,

Robert F. Mujica, Jr.

David A. Skeel, Jr.  
Andrew G. Biggs  
Arthur J. González  
John E. Nixon  
Betty A. Rosa  
Juan A. Sabater

CC: Hon. Omar J. Marrero Díaz

Hon. Pierluisi  
June 28, 2024  
Page 2 of 2

Mr. Josué A. Colón Ortiz  
PREPA Governing Board  
Mr. Fermín Fontanés Gómez  
Mr. Edison Avilés Deliz  
Mr. Juan Saca  
Mr. Brannen McElmurray

**EXHIBIT A**

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO**

**June 28, 2024**

**RESOLUTION CERTIFYING FISCAL YEAR 2025 BUDGET FOR THE  
PUERTO RICO ELECTRIC POWER AUTHORITY**

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) was enacted;

WHEREAS, PROMESA Section 101 created the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”);

WHEREAS, PROMESA Section 202 establishes a multi-step procedure for the development, submission, review, approval, and certification of budgets for covered territorial instrumentalities of the Commonwealth of Puerto Rico;

WHEREAS, on September 30, 2016, the Oversight Board designated the Puerto Rico Electric Power Authority (“PREPA”) as a covered territorial instrumentality pursuant to PROMESA Section 101(d)(1)(A);

WHEREAS, by letter dated April 16, 2024, pursuant to PROMESA Section 202(a), the Oversight Board notified the Governor of the schedule for developing, submitting, approving, and certifying the Fiscal Year 2025 budget for PREPA;

WHEREAS, by letter dated June 7, 2024, pursuant to PROMESA Section 202(b), the Oversight Board submitted the PREPA forecast of revenues to the Governor and the Legislature;

WHEREAS, on June 13, 2024, pursuant to PROMESA Section 202(c)(1), the Governor and PREPA submitted a proposed FY2025 PREPA budget to the Oversight Board (the “Proposed FY2025 PREPA Budget”);

WHEREAS, the Oversight Board determined that the Proposed FY2025 PREPA Budget was not compliant with the 2024 PREPA Fiscal Plan and, by letter dated June 24, 2024, provided the Governor a notice of violation pursuant to PROMESA Section 202(c)(1)(B), informing the Governor that the Proposed FY2025 PREPA Budget did not satisfy PROMESA’s requirements, and providing a description of necessary corrective actions and an opportunity for the Governor to correct the violations;

WHEREAS, on June 26, 2024, the Puerto Rico Energy Bureau (“PREB”) approved a modified proposed consolidated Fiscal Year 2025 budget through a Resolution and Order (“R&O”);

WHEREAS, on June 26, 2024, the Governor and PREPA submitted a revised Proposed FY2025 PREPA Budget (the “Revised Proposed FY2025 PREPA Budget”), which was not consistent with the budget approved by the PREB;

WHEREAS, the Oversight Board concurs with PREB’s operating budget determination and, after substantial determinations, has determined that the Revised Proposed FY2025 PREPA Budget is not a compliant budget as required by PROMESA;

WHEREAS, pursuant to PROMESA Section 202(c)(2), the Oversight Board developed a compliant budget for PREPA, a copy of which is attached hereto as Exhibit 1 (the “FY2025 PREPA Budget”), which is consistent with the budget outlined in PREB’s June 26, 2024 R&O and which the Oversight Board may revise in its sole discretion based on future events, such as any reconsideration by PREB or other consideration, such as pension funding;

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT, pursuant to PROMESA Section 202(c)(2) and 202(e)(4), the Oversight Board certifies the FY2025 PREPA Budget and such budget shall be: (i) deemed to be approved by the Governor; (ii) the subject of a compliance certification to be issued by the Oversight Board to the Governor; and (iii) in full force and effect beginning on July 1, 2024.

**APPENDIX A**

(Page A-1)

**EXHIBIT 1:** PUERTO RICO ELECTRIC POWER AUTHORITY  
CERTIFIED FISCAL YEAR 2025 BUDGET  
AND  
BUDGETARY RESOLUTION PROVISIONS

**APPENDIX A**

(Page A-2)

**Section 1.-** The following amounts are presented as the appropriations and expenses of the Puerto Rico Electric Authority (“PREPA”), set forth herein for the fiscal year (“FY”) ending June 30, 2025:

<b>\$ Thousand</b>	<b>FY2025 Budget</b>
<b>Basic Revenue</b>	
Residential	385,030
Commercial	599,968
Industrial	101,823
Public Lighting	60,477
Agricultural	1,893
Others	2,265
<b>Total</b>	<b>\$ 1,151,456</b>
<b>Fuel &amp; Purchased Power</b>	
Residential	991,585
Commercial	1,209,376
Industrial	267,967
Public Lighting	41,550
Agricultural	3,370
Others	5,964
<b>Total</b>	<b>\$ 2,519,812</b>
<b>CILT</b>	
Residential	36,922
Commercial	44,982
Industrial	9,967
Public Lighting	1,542
Agricultural	125
Others	222
<b>Total</b>	<b>\$ 93,760</b>
<b>Subsidies</b>	
Residential	80,133
Commercial	97,622
Industrial	21,633
Public Lighting	3,347
Agricultural	272
Others	482
<b>Total</b>	<b>\$ 203,489</b>
<b>Energy Efficiency</b>	
Residential	5,413
Commercial	6,594
Industrial	1,461
Public Lighting	226
Agricultural	18
Others	33
<b>Total</b>	<b>\$ 13,745</b>
<b>Total Gross Revenue</b>	<b>\$ 3,982,262</b>
CW Pension Loan Rollover <sup>[1]</sup>	156,783
Other Income	89,655
Additional Available Funds <sup>[2]</sup>	74,741
<b>Total Unconsolidated Revenue</b>	<b>\$ 4,303,441</b>
Bad Debt expense	(59,529)

**APPENDIX A**

(Page A-3)

PREPA Restructuring & Title III	(27,450)
FOMB Advisor Costs allocated to PREPA	(28,968)
GenCo - Operator Service Fees	(24,325)
GridCo - Operator Service Fees	(134,736)
CILT, Subsidies, & EE	(310,994)
<b>Total Consolidated Revenue Net of Shared System Expenses</b>	<b>\$ 3,717,439</b>

<b>\$ Thousand</b>	<b>FY2025 Budget</b>
<b>A. Fuel &amp; Purchased Power</b>	
Fuel	1,894,752
Purchased Power - Conventional	536,270
Purchased Power - Renewable	88,790
<b>Total Fuel &amp; Purchase Power Expenses</b>	<b>\$ 2,519,812</b>
<b>B. GenCo - Operations &amp; Maintenance Expenses</b>	
Genco Labor Operating Expenses	75,404
Genco Non-Labor / Other Operating Expenses	71,103
Shared Services Agreement Impact	56,826
Maintenance Projects Expenses	85,318
Generation Maintenance Reserve	11,671
<b>Total GenCo Operating &amp; Maintenance Expenses</b>	<b>\$ 300,322</b>
<b>C. HoldCo (PropertyCo) – Operating &amp; Maintenance Expenses</b>	
<b>Labor</b>	
Salaries & Wages	4,662
Pension & Benefits	2,808
Overtime Pay	377
Overtime Benefits	45
<b>Total HoldCo Labor Operating Expenses</b>	<b>\$7,892</b>
<b>Non-Labor / Other Operating Expenses</b>	
Materials & Supplies	64
Transportation, Per Diem, and Mileage	255
Retiree Medical Benefits	7,950
Security	797
Utilities & Rents	72
Legal Services	3,847
Professional & Technical Outsourced Services	2,164
IT – Maintenance & Corporate Services	1,494
Regulation and Environmental Inspection	1,591
External Audit Services	2,200
Equipment, Inspections, Repairs & Other	1,444
<b>Total HoldCo Non-Labor / Other Operation Expenses</b>	<b>\$21,878</b>
<b>Shared Services Agreement</b>	<b>3,805</b>
<b>Maintenance Projects Expenses</b>	<b>645</b>
<b>Total HoldCo Operating &amp; Maintenance Expenses</b>	<b>\$34,220</b>
<b>Pension Expense<sup>[1] [3]</sup></b>	<b>156,783</b>

**APPENDIX A**

(Page A-4)

<b>Total HoldCo Operating &amp; Maintenance Expenses (including Pensions)</b>	<b>\$191,003</b>
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<b>\$ Thousand</b>	<b>FY2025 Budget</b>
<b><i>D. HydroCo – Operating &amp; Maintenance Expenses</i></b>	
<b>Labor</b>	
Salaries & Wages	2,543
Pension & Benefits	1,532
Overtime Pay	288
Overtime Benefits	35
<b>Total HydroCo Labor Operating Expenses</b>	<b>\$4,398</b>
<b>Non-Labor / Other Operating Expenses</b>	
Materials & Supplies	724
Transportation, Per Diem, and Mileage	244
Security	1,712
Utilities & Rents	80
Professional & Technical Outsourced Services	187
Regulation and Environmental Inspection	731
Equipment, Inspections, Repairs & Other	1,792
<b>Total HydroCo Non-Labor / Other Operating Expenses</b>	<b>\$5,470</b>
<b>Shared Services Agreement</b>	<b>2,537</b>
<b>Maintenance Projects Expenses</b>	<b>1,234</b>
<b>Total HydroCo Operating &amp; Maintenance Expenses</b>	<b>\$13,639</b>
<b><i>E. GridCo - Operating &amp; Maintenance Expenses</i></b>	
GridCo Labor Operating Expenses	268,755
GridCo Non-Labor / Other Operating Expenses	301,927
2% Reserve	13,582
Non-Federally Funded Necessary Maintenance Expenses	108,399
<b>Total GridCo Operating &amp; Maintenance Expenses</b>	<b>\$ 692,663</b>
<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$ 3,717,439</b>
<b>Surplus / (Deficit) Before Legacy Pension and Debt Obligations</b>	<b>\$ 0</b>

[1] Commonwealth Loan proceeds pursuant to the Loan Agreement between PREPA and the Commonwealth, dated December 15, 2023. There remains a total of \$156.8 million remaining of the PREPA ERS loan balance - this includes the \$56.8 million in PREPA's ERS account and \$100 million of undrawn balance. See details in Section 3 below.

[2] Additional funding identified by P3A to be allocated in the FY2025 Budget as determined in the letter dated May 17, 2024, from P3A to PREPA.

[3] Pension expenses are subject to the restrictions contained in footnote 1 and Section 3 below. Expense does not represent total annual pension expense.



## APPENDIX A

(Page A-5)

**Section 2.-** All expenditures authorized in any prior fiscal year, including appropriations without a specific fiscal year, are terminated and no disbursement of public funds may be covered by such expenditure authorization, except: (1) appropriations authorized in a prior fiscal year to carry out capital improvements that have been encumbered, accounted for and kept on the books in fiscal year 2024 and in fiscal year 2025; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of fiscal year 2024 that have been accounted for and kept on the books in both fiscal year 2024 and fiscal year 2025; (3) the portion of any other expenditures authorized in the certified FY2025 PREPA Budget; and (4) the portion of the appropriations authorized in the certified FY2024 PREPA Budget that have been allocated, transferred or designated on or before June 30, 2024. This restriction on expenditures authorized in any prior fiscal year shall not apply to programs financed in whole or part with federal funds; and (ii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs. In addition, the foregoing exceptions to the restrictions on expenditures authorized in any prior fiscal year are conditioned on PREPA requesting and receiving prior written approval of the Oversight Board.

**Section 3.-** Funds included in the “CW Pension Loan Rollover” revenue line represents the remaining balance or available funds resulting from an executed loan agreement by and amongst the Commonwealth, PREPA and the Oversight Board in the amount of \$300 million, with the purpose of funding disbursements made under the “Pension Expense” line item, solely and exclusively to fund PREPA Employee Retirement System benefits and related costs and pursuant to the terms agreed upon therein. Such funds may not be recognized nor disbursed for any purpose other than those provided under the loan agreement.

**Section 4.-** On or before August 31, 2024, the Executive Director of PREPA shall provide to the Oversight Board a certification indicating whether there are any unused amounts of the FY2024 appropriations for all items enumerated in Section 2 and, if so, an itemization of such unused amounts. If the Government fails to submit said certification, the amount of unused funds permitted to be disbursed in FY2025 pursuant to Section 3 will not carry over to the following fiscal year.

**Section 5.-** Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by PREPA to fund current fiscal year expenditures, except as otherwise expressly authorized by the Oversight Board in writing after June 30, 2024.

**Section 6.-** Pursuant to Section 203 of PROMESA, LUMA must submit to the Oversight Board, no later than 15 days after the last day of each month of FY2025, a Federal Fund report that includes the type of fund, the emergency or disaster associated with the funds, amount of the obligation, amount disbursed by contractor and amount reimbursed along with explanations of relevant variances.

**Section 7.-** The Chief Executive Officer of LUMA, the Chief Executive Officer of Genera and the Executive Director of PREPA shall be responsible for not spending or encumbering during FY2025 any amount that exceeds the operational expenditures (not-including passthroughs) authorized herein for GridCo, GenCo, HydroCo and HoldCo for fiscal year 2025.

## **APPENDIX A**

(Page A-6)

**Section 8.-** Except for additional expenditures related to fuel and purchased power, the expenditures approved in this budget, including payroll and related expenses, may only be reprogrammed with the prior express written approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget.

**Section 9.-** Pursuant to Section 203 of PROMESA, PREPA must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2025, a budget to actual report, along with an explanation of relevant variances as provided in the Certified PREPA Fiscal Plan. The Oversight Board may determine to provide to PREPA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PREPA must be submitted consistent with such reporting template.

**Section 10.-** The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PREPA's budget.

**Section 11.-** The FY2025 PREPA Budget shall go into effect on July 1, 2024.