

# Monthly Reports

# **FETS 0001**

## **June and July 2020**

### **Fixed Fee**



**Puerto Rico Public-Private Partnerships Authority**

Administrator of the Puerto Rico Transmission and Distribution  
System Operation and Maintenance Agreement  
PO Box 42001  
San Juan, Puerto Rico 00940-2001

**INVOICE**

Invoice No. FETS-0001  
Date: September 3, 2020

**To:**

**Puerto Rico Electric Power Authority**  
PO Box 364267  
San Juan, Puerto Rico 00936-4267

**To be paid to:**

**LUMA Energy, LLC**  
644 Ave. Manuel Fernández Juncos, Suite 301  
San Juan, Puerto Rico 00907

**Tax Registration No. 66-0940278**

**Contract Ref:** Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement

DESCRIPTION	AMOUNT
Front-End Transition Service Fixed Fee June 2020	\$1,500,000.00
Front-End Transition Service Fixed Fee July 2020	\$5,000,000.00
	\$6,500,000.00

**Remittance Information:**

**Wire to:** Bank of America, NA, 222 Broadway, New York, NY 10038

**Account #:** 488074008867 **Wire Routing #:** 026009593 **ACH Routing #:** 111000025



**GOVERNMENT OF PUERTO RICO**  
**Puerto Rico Public-Private Partnerships Authority**

August 28, 2020

**Puerto Rico Electric Power Authority**

Attention: Efran Paredes Maisonet  
Executive Director  
PO BOX 364267  
San Juan, Puerto Rico 00936-4267

**Re: LUMA Invoices – Disbursement of Funds – June and July 2020**

Dear Mr. Paredes:

We refer to the Operations and Maintenance Agreement dated as of June 22, 2020 (the “**O&M Agreement**”), among LUMA Energy, LLC (“**LUMA**”), LUMA Energy ServCo, LLC (a wholly-owned subsidiary of LUMA), the Public-Private Partnerships Authority (“**P3 Authority**”), and the Puerto Rico Electric Power Authority (“**PREPA**”). Except as provided herein, capitalized terms used but not otherwise defined in this letter have the meaning ascribed to them in the O&M Agreement.

Section 4.6(d) (*Front-End Transition Period Compensation – Invoices*) of the O&M Agreement provides the following:

*(i) On or prior to the tenth (10th) day of each month during which Operator is performing the Front-End Transition Services, Operator shall provide Administrator with a monthly invoice describing in reasonable detail the prior calendar month’s Front-End Transition Services and the corresponding Front-End Transition Service Fee for such prior calendar month. All invoices shall comply with the requirements set forth in Section 9.2(c) (Anti- Corruption and Sanctions Laws – Policies and Procedures).*





## GOVERNMENT OF PUERTO RICO

### Puerto Rico Public-Private Partnerships Authority

*(ii) Operator shall provide promptly to Administrator such additional supporting documentation evidencing the provision of the Front-End Transition Services, if any, and the calculation of the Front-End Transition Service Fee related thereto as Administrator may reasonably request and as may be required by Applicable Law. Administrator shall promptly advise Operator of any disputed invoice amounts, and all such disputes which Operator and Administrator are unable to resolve shall be subject to resolution as a Technical Dispute in accordance with Article 15 (Dispute Resolution) (any such Dispute, a “Front-End Transition Service Fee Dispute”).*

*(iii) Payments of undisputed amounts under any invoice shall be due within thirty (30) days of Administrator’s receipt of such invoice.*

Pursuant to this section of the O&M Agreement, LUMA provided the P3 Authority with invoices describing the Front-End Transition Services and the corresponding Front-End Transition Service Fee for June and July 2020 (the “**June and July Invoices**”).

As part of its review of the Front-End Transition Services invoices, the P3 Authority hired Eclipse Management to evaluate the invoices submitted to it by LUMA. Please find attached as Annex A Eclipse Management’s assessments of the June and July Invoices (the “**June and July Invoice Validation Reports**”).

Based on both the review of the P3 Authority and Eclipse Management of the June and July Invoices, and pursuant to Section 4.6(d)(ii) of the O&M Agreement, the P3 Authority requested from LUMA additional documentation supporting LUMA’s provision of the Front-End Transition Services in June and July 2020 (the “**June and July Supporting Documentation**”). To date, the P3 Authority has not received from LUMA the June and July Supporting Documentation.

Accordingly, as of the date of this letter, the P3 Authority has only approved payment to LUMA of the Front-End Transition Service Fixed Fee component of the June and July Invoices. To this end, we kindly ask that PREPA disburse funds in the amount of US \$6,500,000 to be paid to LUMA for the work described in the





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### Puerto Rico Public-Private Partnerships Authority

June and July Invoices. The balance of the June and July Invoices will be paid to LUMA once the P3 Authority receives, and has had time to conduct its review of, the June and July Supporting Documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fermín E. Fontanés Gómez", written over a horizontal line.

Fermín E. Fontanés Gómez, Esq.  
Executive Director  
Puerto Rico Public-Private Partnership Authority



# GOVERNMENT OF PUERTO RICO

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## Puerto Rico Public-Private Partnerships Authority

### ANNEX A





**DATE:** 08.26.2020

**PROJECT:** Puerto Rico Transmission and Distribution System  
Operation and Maintenance

**P3 REPORT:**

**June 2020**

**LUMA Invoice Validation**

**CLIENT:** Puerto Rico Public-Private Partnership Authority (P3A)



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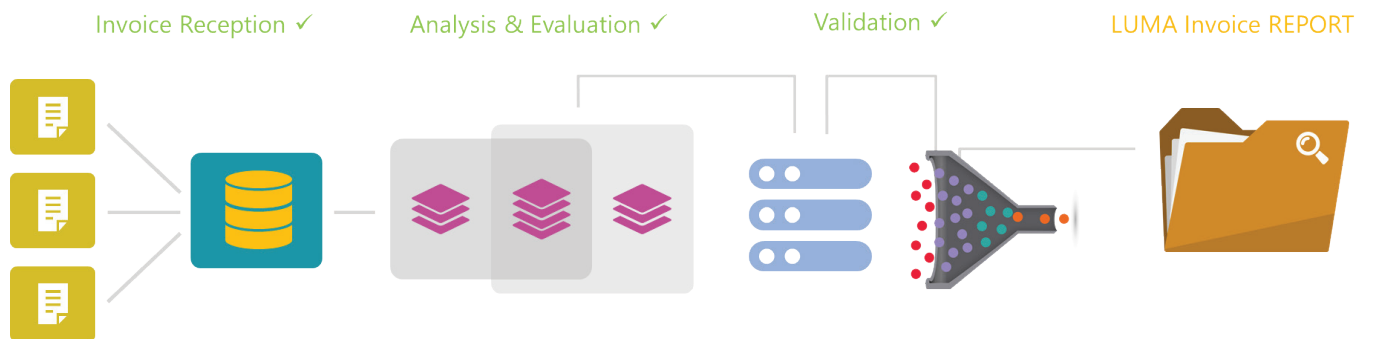
## Version Control

Date	Author	Description	Approved
07.20.20	Eclipse	1.0 – Initial Version	C.LLACER
07.27.20	Eclipse	1.2 – Adjustments	C.LLACER
08.07.20	Eclipse	1.3 – Additional LUMA Documents	C.LLACER
08.12.20	Eclipse	Additional LUMA Certificates	C.LLACER
08.21.20	Eclipse	Additional LUMA Certificates	C.LLACER
08.26.20	Eclipse	1.6- Minor P3A Comments	C.LLACER

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## 1. INTRODUCTION

Pursuant to Section 4.6 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (O&M Agreement) the Puerto Rico Public-Private Partnership Authority as Contract Administrator (P3A or Administrator) has the responsibility and obligation to evaluate in detail the invoices submitted by LUMA on a monthly basis, prior to authorizing the disbursement by the Puerto Rico Electric Power Authority (PREPA or Owner). This report contains P3A' evaluation of the LUMA June 2020 Invoice. The steps taken to evaluate the invoice are shown on the following picture.



Note that this process starts as soon as the invoice from LUMA is received. All the documents submitted by LUMA are stored in a centralized repository, to ease access and use.

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## 2. INVOICE VALIDATION APPROACH

The evaluation that the Administrator carries out has been divided in 5 areas:

- Format
- Administrative Documents
- Fees
- Supporting Documents
- Compliance with the O&M Agreement

The validation results of each area are contained in this report, in the next sections. Note that this report is shared with the Owner and LUMA. Any additional information or document submitted after this report is issued, shall be incorporated in the next report.



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## 2.1. VALIDATION RESULTS

The outcome of the evaluation may have several different results, but it is worth mentioning that either a "Format" or "Administrative Document" findings, shall have the effect of stopping the disbursement of the whole invoice. After the corresponding evaluation of the invoice, the outcome may be:

- Approved Invoice;
- Not Approved Invoice
- Partially Approved Invoice pending Administrative Document(s);
- Partially Approved Invoice pending Supporting Document(s);
- Partially Approved Invoice pending fee adjustment / review;

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### 3. FORMAT VALIDATION

The following items have been evaluated as part of the Format Validation:

- Bill To
- Date
- Invoice Number
- Terms
- Non-interest clause

The following table contains the findings (if any) for each of the items evaluated.

FORMAT VALIDATION		
ITEM	Validation	Comments
BILL TO	✓	Submitted to P3 and to be PAID by PREPA
DATE	✓	July 10th 2020
INVOICE NUMBER	✓	FETS-0620-01
TERMS	✓	Net 30
NON INTEREST CLAUSE	✓	Non-interest certification clause included

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## 4. ADMINISTRATIVE DOCUMENTS

There are several administrative documents that LUMA, as an organization shall provide on a regular basis to the Administrator. The following table contains the list of all the documents together with their status.

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
DEPARTMENT OF TREASURY OF THE COMMONWEALTH					
1	Income Tax Filling Certificate (Model SC 6088)	✓	10-08-20	09-09-20	LUMA Energy
		✓	19-08-20	15-02-21	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	10-08-20	09-09-20	LUMA Energy
		✓	10-08-20	09-09-20	LUMA Energy ServCo
3	Operator's Merchant's Registration Certificate (Form SC 2918)	✓	30-03-20	31-08-21	LUMA Energy
		✓	14-04-20	31-07-21	LUMA Energy ServCo
4	Puerto Rico Sales and Use Tax returns filling Certification for the last sixty (60) tax periods (Form SC 2942)	✓	10-08-20	09-09-20	LUMA Energy
		✓	10-08-20	09-09-20	LUMA Energy ServCo
5	Puerto Rico Sale and Use Tax (IVU) Debt Certificate (Model SC 2927)	N/A	N/A	N/A	Non retaining Agent
6	Withholding Exemption "Relevo Hacienda" (if any)	Not Provided	N/A	N/A	N/A

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
CRIM					
1	Property Tax Filling Certificate (Propiedad Mueble)	✓	10-08-20	08-11-20	LUMA Energy
		✓	10-08-20	08-11-20	LUMA Energy ServCo
2	All Concepts Debt Certification	✓	18-08-20	16-11-20	LUMA Energy
		✓	18-08-20	16-11-20	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
DEPARTMENT OF LABOUR AND HUMAN RESOURCES					
1	Employer Registration Certificate and debt certificate for unemployment insurance and temporary disability (workmen's compensation)	✓	03-08-20	01-11-20	LUMA Energy
		✓	03-08-20	01-11-20	LUMA Energy ServCo
2	Employer Registration Certificate and chauffeur's social security debt certification	✓	03-08-20	01-11-20	LUMA Energy
		✓	03-08-20	01-11-20	LUMA Energy ServCo

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ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
CFSE & ASUME					
1	State Insurance Fund Policy Certification (CFSE)	✓	06-08-20	30-06-21	LUMA Energy
		✓	20-08-20	30-06-21	LUMA Energy ServCo
2	ASUME Withholding Compliance Statement Certificate	✓	10-08-20	09-09-20	LUMA Energy
		✓	10-08-20	09-09-20	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
DEPARTMENT OF STATE					
1	Certificate of Good Standing	✓	18-06-20	15-04-21	LUMA Energy
		✓	18-06-20	15-04-21	LUMA Energy ServCo
2	Certificate of Existence or to do Business in Puerto Rico or Incorporation Certificate	✓	17-01-20	✓	LUMA Energy
		✓	17-01-20	✓	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
OTHER					
1	No Conviction Sworn Statement (Law 8 – 2017)	✓	19-06-20	19-06-21	LUMA Energy
		✓	19-06-20	19-06-21	LUMA Energy ServCo
2	Sworn Statement - Law 2 - 2018	✓	19-06-20	19-06-21	LUMA Energy
		✓	19-06-20	19-06-21	LUMA Energy ServCo
3	Guarantees	✓	22-06-20	✓	Quanta
		✓	22-06-20	✓	CUL

All the required Administrative Documents have been submitted and duly validated by **Eclipse Management**. Having all the Administrative Documents validated, enables the release of the FETS Fixed Fee for the month of June 2020.



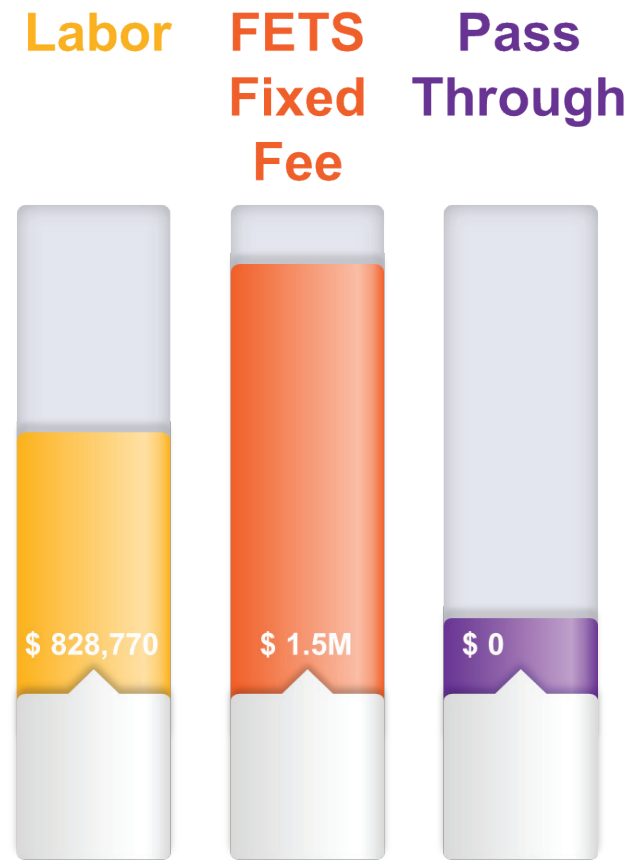
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section on this month invoice is composed of the following concepts:

- Labor
- Front-End Transition Service (FETS) Fixed Fee
- Pass-Through Costs and Expenses

The amounts for each of these concepts is contained in the following picture:



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## 5.1. LABOR

A validation on the fees per profile has been carried out, and LUMA has correctly applied the fees per profile, as contained in Appendix 5 of the O&M Agreement.

LUMA performed a demonstration on the "Web Based Tool" that they are using. This tool allows to keep track of the timesheets for each LUMA employee assigned to the O&M Agreement.

Eclipse Management was able to validate the report from this "tool", in which the name, position, area and time of each LUMA employee was contained.

However, additional detail regarding the Labor part is required, matching the assigned hours with the activity that was performed. Such request has already been made to LUMA.

## 5.2. FETS FIXED FEE

As per Section 4.6 of the contract of the O&M Agreement, the Fixed Fee included in this invoice is the result of adjusting on a Pro Rata basis of the FETS Fixed Fee. The following table contains the evaluation of the FETS Fixed Fee.

FEES & SUPPORTING DOCUMENTS VALIDATION					
Year	Total Amount	Month Rate	Complete Month	Amount	Comments
FIXED FEE					
1	\$ 60,000,000	\$ 5,000,000.00	9 days	\$ 1,500,000.00	OK

Based on our calculation, this amount is correct and is ready to be disbursed to LUMA.

## 5.3. PASS THROUGH COST

No pass-through cost was included in the invoice.

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## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the invoice, a request was made to LUMA on which additional detail is to be incorporated in the monthly report, such as advancement with the project schedule, handover checklist and tasks.

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## 7. CONCLUSIONS & NEXT STEPS

Based on the findings identified in the previous sections, the following recommendation is made:

- Release the payment of the FETS Fixed Fee (\$1,500,000) for the month of June 2020;
- For the Labor part of the invoice, it is necessary that LUMA submits a matching of the hours with the activities performed in order to release the payments of these costs. Such request has already been made to LUMA.

FEES & SUPPORTING DOCUMENTS VALIDATION						
Item	Concept	Amount	Validation	Pending	Disbursement	Comments
INVOICE FETS 0620-01						
1	LABOR	\$ 828,770	✗	\$ 828,770	No	Matching of Hours with Activities
2	FETS FIXED	\$ 1,500,000	✓	\$ -	YES	Disbursement Recommended
3	PASS THROUGH	N/A	N/A	N/A	N/A	N/A

INVOICE STATEMENT				
Invoice	Labor	FETS	Expenses	Total
Jun-20				
FETS-0620-01	\$ 828,770.00	\$ 1,500,000	\$ -	\$ 2,328,770.00
Disbursed	\$ -	\$ -	\$ -	\$ -
Authorized	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000.00
Balance	\$ 828,770.00	\$ -	\$ -	\$ 828,770.00



**DATE:** 08.26.2020

**PROJECT:** Puerto Rico Transmission and Distribution System  
Operation and Maintenance

**P3 REPORT:**  
**July 2020**  
**LUMA Invoice Validation**

**CLIENT:** Puerto Rico Public-Private Partnership Authority (P3A)

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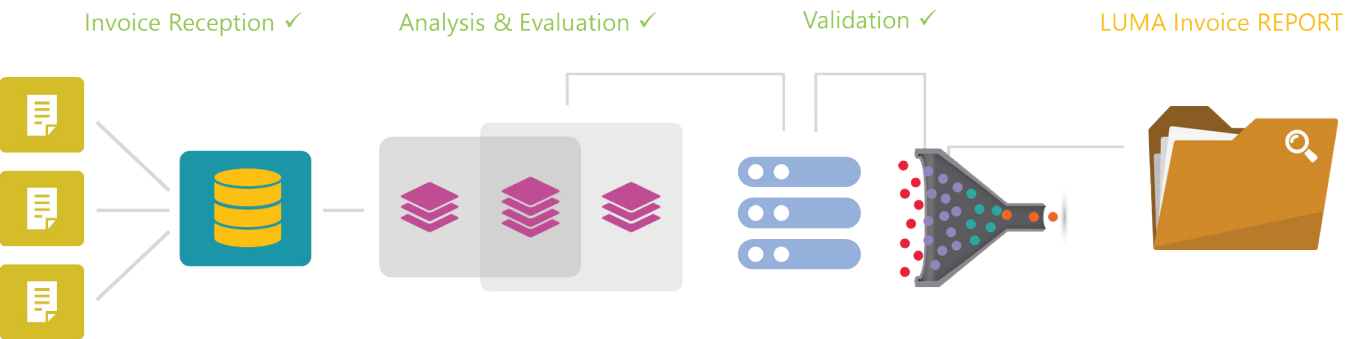
## Version Control

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08.21.20	Eclipse	1.0 - Initial Version	C.LLACER
08.26.20	Eclipse	1.1 - Initial Version	C.LLACER

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2	Certificate of Existence or to do Business in Puerto Rico or Incorporation Certificate	✓	17-01-20	✓	LUMA Energy
		✓	17-01-20	✓	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Comment
OTHER					
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		✓	19-06-20	19-06-21	LUMA Energy ServCo
2	Sworn Statement - Law 2 - 2018	✓	19-06-20	19-06-21	LUMA Energy
		✓	19-06-20	19-06-21	LUMA Energy ServCo
3	Guarantees	✓	22-06-20	✓	Quanta
		✓	22-06-20	✓	CUL

All the required Administrative Documents have been submitted and duly validated by **Eclipse Management**. Having all the Administrative Documents validated, enables the release of the FETS Fixed Fee for the month of July 2020.

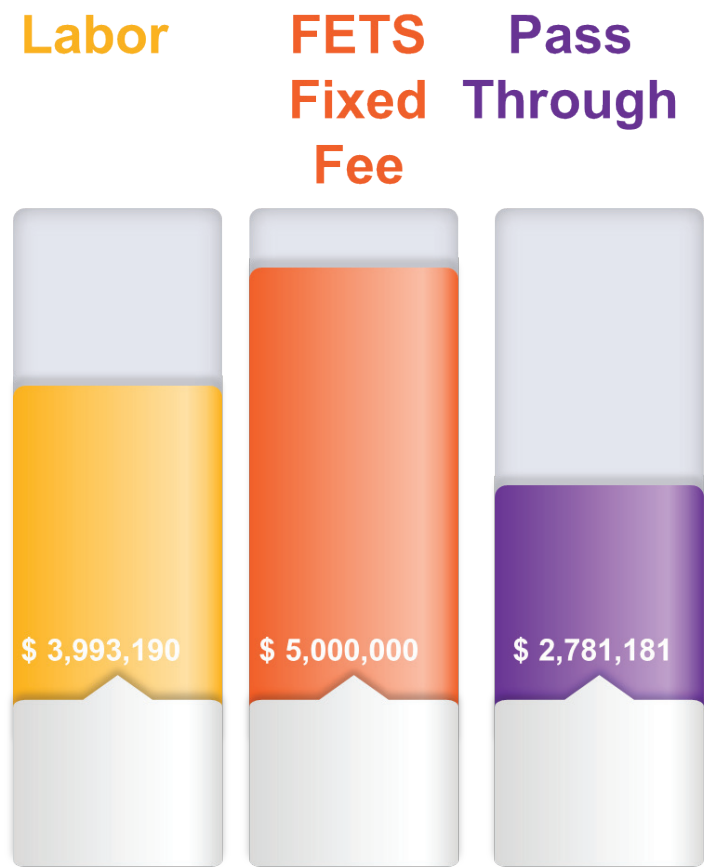
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section on this month invoice is composed of the following concepts:

- Labor
- Front-End Transition Service (FETS) Fixed Fee
- Pass-Through Costs and Expenses

The amounts for each of these concepts is contained in the following picture:



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### 5.1. LABOR

A validation on the fees per profile has been carried out, and LUMA has correctly applied the fees per profile, as contained in Appendix 5 of the O&M Agreement.

Eclipse Management still has to carry out the validation of hours on the LUMA “Web Based Tool” that registers the Timesheets of the employees.

Also, additional detail regarding the Labor part is required, matching the assigned hours with the activity that was performed. Such request has already been made to LUMA.

### 5.2. FETS FIXED FEE

As per Section 4.6 of the O&M Agreement, the Fixed Fee included in this invoice is a complete monthly fee for the month of July. The following table contains the evaluation of the FETS Fixed Fee.

FEES & SUPPORTING DOCUMENTS VALIDATION					
Year	Total Amount	Month Rate	Complete Month	Amount	Comments
FIXED FEE					
1	\$ 60,000,000	\$ 5,000,000.00	31 days	\$ 5,000,000.00	OK

Based on our calculation, this amount is correct and is ready to be disbursed to LUMA.

### 5.3. PASS THROUGH COST

This is the first month in which pass-through costs and expenses are included. There is a need to have a copy of the invoices, together with the subcontracts of those services. In addition, on those services that pass \$250,000 it is necessary to involve Administrator prior to establishing a subcontract. A request to LUMA to provide this information was made on August 17<sup>th</sup> 2020.

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 12 / 13
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## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the invoice, a request was made to LUMA on August 21<sup>st</sup> 2020, in which additional detail was requested to be incorporated in the monthly report, such as advancement with the project schedule, handover checklist and tasks.



July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 13 / 13
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## 7. CONCLUSIONS & NEXT STEPS

Based on the findings identified in the previous sections, the following recommendation is made:

- Release the payment of the FETS Fixed Fee (\$5,000,000) for the month of July 2020;
- For the Labor part of the invoice, it is necessary that LUMA submits a matching of the hours with the activities performed in order to release the payment of these costs. Such request has already been made to LUMA.
- For the pass-through and expenses, it is necessary to have a copy of each invoice together with the contracts in order to release the payment of these costs.

FEES & SUPPORTING DOCUMENTS VALIDATION						
Item	Concept	Amount	Validation	Pending	Disbursement	Comments
INVOICE FETS 0620-01						
1	LABOUR	\$ 3,993,190	✗	\$ 3,993,190	No	Matching of Hours with Activities
2	FETS FIXED	\$ 5,000,000	✓		YES	Disbursement Recommended
3	PASS THROUGH	\$ 2,781,181.56	✗	\$ 2,781,181.56	No	Additional documents required

INVOICE STATEMENT				
Invoice	Labor	FETS	Expenses	Total
Jul-20				
FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
Disbursed	\$ -	\$ -	\$ -	\$ -
Authorized	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
Balance	\$ 3,993,190.00	\$ -	\$ 2,781,181.56	\$ 6,774,371.56

# **FETS 0003**

## **June and July 2020**

### **Labor**



**Puerto Rico Public-Private Partnerships Authority**

Administrator of the Puerto Rico Transmission and Distribution  
System Operation and Maintenance Agreement  
PO Box 42001  
San Juan, Puerto Rico 00940-2001

**INVOICE**

Invoice No. FETS-0003  
Date: October 19, 2020

**To:**

**Puerto Rico Electric Power Authority**  
PO Box 364267  
San Juan, Puerto Rico 00936-4267

**To be paid to:**

**LUMA Energy, LLC**  
644 Ave. Manuel Fernández Juncos, Suite 301  
San Juan, Puerto Rico 00907

**Tax Registration No. 66-0940278**

**Contract Ref:** Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement

DESCRIPTION	AMOUNT
Front-End Transition Service Labor June 2020	\$822,770.00
Front-End Transition Service Labor July 2020	\$3,990,150.00
	\$4,812.920.00

**Remittance Information:**

**Wire to:** Bank of America, NA, 222 Broadway, New York, NY 10038

**Account #:** 488074008867 **Wire Routing #:** 026009593 **ACH Routing #:** 111000025



**GOVERNMENT OF PUERTO RICO**  
**Puerto Rico Public-Private Partnerships Authority**

October 19, 2020

**Puerto Rico Electric Power Authority**

Attention: Efran Paredes Maisonet  
Executive Director  
PO BOX 364267  
San Juan, Puerto Rico 00936-4267

**Re: LUMA Invoices – Disbursement of Funds – June and July 2020**

Dear Mr. Paredes:

We refer to the Operations and Maintenance Agreement dated as of June 22, 2020 (the “**O&M Agreement**”), among LUMA Energy, LLC (“**LUMA**”), LUMA Energy ServCo, LLC (a wholly-owned subsidiary of LUMA), the Public-Private Partnerships Authority (“**P3 Authority**”), and the Puerto Rico Electric Power Authority (“**PREPA**”). Except as provided herein, capitalized terms used but not otherwise defined in this letter have the meaning ascribed to them in the O&M Agreement.

Section 4.6(d) (*Front-End Transition Period Compensation – Invoices*) of the O&M Agreement provides the following:

*(i) On or prior to the tenth (10th) day of each month during which Operator is performing the Front-End Transition Services, Operator shall provide Administrator with a monthly invoice describing in reasonable detail the prior calendar month’s Front-End Transition Services and the corresponding Front-End Transition Service Fee for such prior calendar month. All invoices shall comply with the requirements set forth in Section 9.2(c) (Anti- Corruption and Sanctions Laws – Policies and Procedures).*





## GOVERNMENT OF PUERTO RICO

### Puerto Rico Public-Private Partnerships Authority

*(ii) Operator shall provide promptly to Administrator such additional supporting documentation evidencing the provision of the Front-End Transition Services, if any, and the calculation of the Front-End Transition Service Fee related thereto as Administrator may reasonably request and as may be required by Applicable Law. Administrator shall promptly advise Operator of any disputed invoice amounts, and all such disputes which Operator and Administrator are unable to resolve shall be subject to resolution as a Technical Dispute in accordance with Article 15 (Dispute Resolution) (any such Dispute, a “Front-End Transition Service Fee Dispute”).*

*(iii) Payments of undisputed amounts under any invoice shall be due within thirty (30) days of Administrator’s receipt of such invoice.*

Pursuant to this section of the O&M Agreement, LUMA provided the P3 Authority with invoices describing the Front-End Transition Services and the corresponding Front-End Transition Service Fee for June and July 2020 (the “**June and July Invoices**”).

As part of its review of the Front-End Transition Services invoices, the P3 Authority hired Eclipse Management to evaluate the invoices submitted to it by LUMA. Please find attached as Annex A Eclipse Management’s assessments of the June and July Invoices (the “**June and July Invoice Validation Report**”).

Based on both the review of the P3 Authority and Eclipse Management of the June and July Invoices, and pursuant to Section 4.6(d)(ii) of the O&M Agreement, the P3 Authority requested from LUMA additional documentation supporting LUMA’s provision of the Front-End Transition Services in June and July 2020 (the “**June and July Supporting Documentation**”). The P3 Authority received the requested June and July Supporting Documentation from LUMA on October 7, 2020.

Accordingly, the P3 Authority has approved payment to LUMA of the Labor component of the June and July Invoices. To this end, we kindly ask that PREPA disburse funds in the amount of US \$4,812.920.00 to be paid to LUMA for the work described in the June and July Invoices. The balance of the July Invoice will






**GOVERNMENT OF PUERTO RICO**  
**Puerto Rico Public-Private Partnerships Authority**

be paid to LUMA once the P3 Authority conducts its review of the July Supporting Documentation.

Sincerely,



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Fermín E. Fontanés Gómez, Esq.  
Executive Director  
Puerto Rico Public-Private Partnership Authority



# GOVERNMENT OF PUERTO RICO

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## Puerto Rico Public-Private Partnerships Authority

### ANNEX A





**DATE:** 10.15.2020

**PROJECT:** Puerto Rico Transmission and Distribution System  
Operation and Maintenance

**P3 REPORT:**

**June 2020**

**LUMA Invoice Validation**

**CLIENT:** Puerto Rico Public-Private Partnership Authority (P3A)



June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 2 / 15
	Version 2	Date 10.15.20

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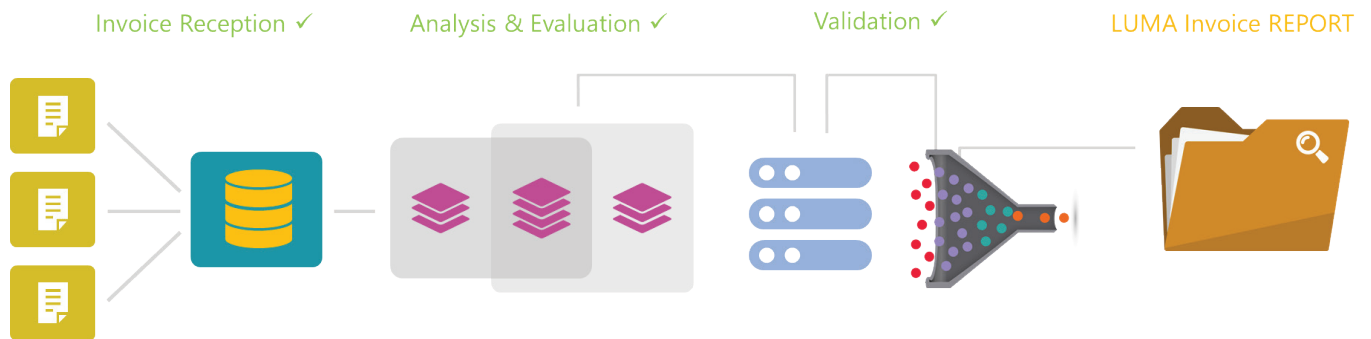
## Version Control

Date	Author	Description	Approved
07.20.20	Eclipse	1.0 – Initial Version	C.LLACER
07.27.20	Eclipse	1.2 – Adjustments	C.LLACER
08.07.20	Eclipse	1.3 – Additional LUMA Documents	C.LLACER
08.12.20	Eclipse	Additional LUMA Certificates	C.LLACER
08.21.20	Eclipse	Additional LUMA Certificates	C.LLACER
08.26.20	Eclipse	1.6- Minor P3A Comments	C.LLACER
10.15.20	Eclipse	2.0 Initial Version with Labor Validation	C. LLACER

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 4 / 15
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## 1. INTRODUCTION

Pursuant to Section 4.6 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("O&M Agreement") the Puerto Rico Public-Private Partnership Authority as Contract Administrator ("P3A" or "Administrator") has the responsibility and obligation to evaluate in detail the invoices submitted by LUMA on a monthly basis, prior to authorizing the disbursement by the Puerto Rico Power Authority ("PREPA" or "Owner"). The LUMA Invoice Validation Report ("Report") contains P3A' evaluation of the LUMA June 2020 Invoice. The steps taken to evaluate the invoice are shown on the following picture.



Note that this process starts as soon as the invoice from LUMA is received. All the documents submitted by LUMA are stored in a centralized repository, to ease access and use.

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 5 / 15
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## 2. INVOICE VALIDATION APPROACH

The Administrator evaluates the following 5 areas:

- Format
- Administrative Documents
- Fees
- Supporting Documents
- Compliance with the O&M Agreement

The validation results of each area are contained in the next sections of this report.

This report is shared with the Owner and LUMA. Any additional information or document submitted after this report is issued, shall be incorporated in the next report.



June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 6 / 15
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## 2.1. VALIDATION RESULTS

The outcome of the evaluation may have several different results. That being said, “Format” or “Administrative Document” findings, have the effect of paralyzing the disbursement of the whole invoice.

The validation results are the following:

- Approved Invoice
- Not Approved Invoice
- Partially Approved Invoice pending Administrative Document(s)
- Partially Approved Invoice pending Supporting Document(s)
- Partially Approved Invoice pending Fee Adjustment/Review

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 7 / 15
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### 3. FORMAT VALIDATION

The following items have been evaluated as part of the Format Validation:

- Bill To
- Date
- Invoice Number
- Terms
- Non-interest clause

The following table contains the findings (if any) for each of the items evaluated.

FORMAT VALIDATION		
Item	Validation	Comments
BILL TO	✓	Submitted to P3 and to be PAID by PREPA
DATE	✓	July 10, 2020
REVISED INVOICE DATE	✓	October 7, 2020
INVOICE NUMBER	✓	FETS-0620-01
TERMS	✓	Net 30
NON-INTEREST CLAUSE	✓	Non-interest certification clause included

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 8 / 15
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## 4. ADMINISTRATIVE DOCUMENTS

There are several administrative documents that LUMA, as an organization shall provide on a regular basis to the Administrator. The following table contains the list of all the documents together with their status.

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
DEPARTMENT OF TREASURY OF THE COMMONWEALTH					
1	Income Tax Filling Certificate (Model SC 6088)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/19/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo
3	Operator's Merchant's Registration Certificate (Form SC 2918)	✓	3/30/2020	8/31/2021	LUMA Energy
		✓	4/14/2020	7/31/2021	LUMA Energy ServCo
4	Puerto Rico Sales and Use Tax returns filling Certification for the last sixty (60) tax periods (Form SC 2942)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo
5	Puerto Rico Sale and Use Tax (IVU) Debt Certificate (Model SC 2927)	N/A	N/A	N/A	Non retaining Agent
6	Withholding Exemption "Relevo Hacienda"	✓	7/2/2020	12/31/2020	LUMA Energy

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
CRIM					
1	Property Tax Filling Certificate (Propiedad Mueble)	✓	8/10/2020	11/8/2020	LUMA Energy
		✓	8/10/2020	11/8/2020	LUMA Energy ServCo
2	All Concepts Debt Certification	✓	8/18/2020	11/16/2020	LUMA Energy
		✓	8/18/2020	11/16/2020	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
DEPARTMENT OF LABOUR AND HUMAN RESOURCES					
1	Employer Registration Certificate and debt certificate for unemployment insurance and temporary disability (workmen's compensation)	✓	8/3/2020	11/1/2020	LUMA Energy
		✓	8/3/2020	11/1/2020	LUMA Energy ServCo
2	Employer Registration Certificate and chauffeur's social security debt certification	✓	8/3/2020	11/1/2020	LUMA Energy
		✓	8/3/2020	11/1/2020	LUMA Energy ServCo

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 9 / 15
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ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
CFSE & ASUME					
1	State Insurance Fund Policy Certification (CFSE)	✓	8/6/2020	6/30/2021	LUMA Energy
		✓	8/20/2020	6/30/2021	LUMA Energy ServCo
2	ASUME Withholding Compliance Statement Certificate	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
DEPARTMENT OF STATE					
1	Certificate of Good Standing	✓	6/18/2020	4/15/2021	LUMA Energy
		✓	6/18/2020	4/15/2021	LUMA Energy ServCo
2	Certificate of Existence or to do Business in Puerto Rico or Incorporation Certificate	✓	1/17/2020	✓	LUMA Energy
		✓	1/17/2020	✓	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
OTHER					
1	No Conviction Sworn Statement (Law 8 – 2017)	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
2	Sworn Statement - Law 2 - 2018	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
3	Guarantees	✓	6/22/2020	✓	Quanta
		✓	6/22/2020	✓	CUL

All the required Administrative Documents were submitted by LUMA and previously validated by [Eclipse Management](#). The validation of all Administrative Documents enabled the release of the June 2020 FETS Fixed Fee which was approved by P3A on August 28, 2020.



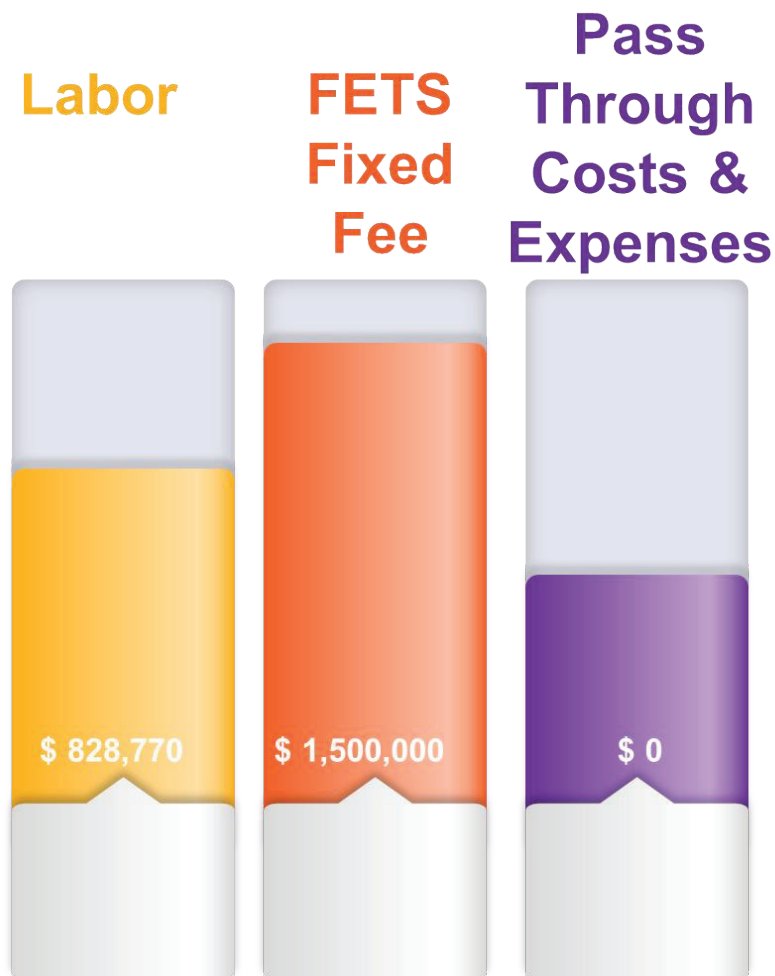
June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 10 / 15
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's June invoice is composed of the following concepts:

- Labor
- Front-End Transition Service (FETS) Fixed Fee
- Pass-Through Costs & Expenses

The amounts for each of these concepts are illustrated in the following picture:



June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 11 / 15
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## 5.1. LABOR

Eclipse Management validated the fees per profile. LUMA correctly applied the fees per profile, as contained in Appendix 5 of the O&M Agreement.

LUMA uses a "Web Based Tool" that registers the employees Timesheets. Eclipse Management validated the labor hours on the LUMA "Web Based Tool" and with additional details provided by LUMA, Eclipse Management matched the assigned hours with the activity that was performed.

It is worth noting that LUMA did not match the Labor hours and activity in the original June invoice submitted on July 10, 2020. In light of this, P3A requested LUMA submit a revised invoice with the appropriate Labor hours and activity match. The revised invoice was received on October 7, 2020.

The validation carried out took into account employees, positions and hours dedicated to each department or task in order to verify that there were no duplicate tasks or hours worked. Eclipse Management created a validation method that demonstrates the advancement of the FET and enables a month to month comparison. This facilitates the advancement and progress tracking of the FET on a percentage basis.

The following table contains the global summary of Labor costs, showing:

- the number of hours per position
- the associated hourly rates
- the overall cost per position

FETS LABOR COSTS - LUMA JUNE INVOICE									
Position	Hours Invoiced	Hours Validated	Difference Hours Identified	*Hourly Rate	Amount Invoiced	Amount Validated	Difference	Amount Recommended for Disbursement	Comments
ADMINISTRATIVE SUPPORT	246.5	307.5	61.0	\$ 50.00	\$ 12,325.00	\$ 15,375.00	\$ 3,050.00	\$ 15,375.00	Eclipse was able to correctly validate the total of June labor hours by employee categories and their respective rates. Notwithstanding, when compared to the Labor total in the June invoice, there is a \$6,000.00 difference.
ANALYST	189.5	138.0	(51.5)	\$ 125.00	\$ 23,687.50	\$ 17,250.00	\$ (6,437.50)	\$ 17,250.00	
DIRECTORS	451.0	441.5	(9.5)	\$ 275.00	\$ 124,025.00	\$ 121,412.50	\$ (2,612.50)	\$ 121,412.50	
ENGINEERS	107.0	107.0	-	\$ 160.00	\$ 17,120.00	\$ 17,120.00	\$ -	\$ 17,120.00	
FIELD SUPERVISOR	176.0	176.0	-	\$ 160.00	\$ 28,160.00	\$ 28,160.00	\$ -	\$ 28,160.00	
FIELD TECH	-	-	-	\$ 195.00	\$ -	\$ -	\$ -	\$ -	
TRAINERS	106.0	106.0	-	\$ 200.00	\$ 21,200.00	\$ 21,200.00	\$ -	\$ 21,200.00	
MANAGER	878.0	878.0	-	\$ 200.00	\$ 175,600.00	\$ 175,600.00	\$ -	\$ 175,600.00	
SENIOR ANALYST	450.0	450.0	-	\$ 160.00	\$ 72,000.00	\$ 72,000.00	\$ -	\$ 72,000.00	
SENIOR DIRECTOR	130.5	130.5	-	\$ 300.00	\$ 39,150.00	\$ 39,150.00	\$ -	\$ 39,150.00	
SENIOR MANAGER	279.0	279.0	-	\$ 210.00	\$ 58,590.00	\$ 58,590.00	\$ -	\$ 58,590.00	
VICE PRESIDENT	790.5	790.5	-	\$ 325.00	\$ 256,912.50	\$ 256,912.50	\$ -	\$ 256,912.50	
			-	TOTAL	\$ 828,770.00	\$ 822,770.00	\$ (6,000.00)	\$ 822,770.00	

\* Rates confirmed and validated as per Annex V of the O&M Agreement

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 12 / 15
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## 5.2. FETS FIXED FEE

As per Section 4.6 of the O&M Agreement, the Fixed Fee included in this invoice is the result of adjusting a pro rata basis of the FETS Fixed Fee. The following table contains the evaluation of the FETS Fixed Fee.

FEES & SUPPORTING DOCUMENTS VALIDATION					
Year	Total Amount	Month Rate	Complete Month	Amount	Comments
FETS FIXED FEE					
1	\$ 60,000,000.00	\$ 5,000,000.00	9 days	\$ 1,500,000	OK

Based on Eclipse Management's calculation, this amount is correct and was approved for disbursement on August 28, 2020.

## 5.3. PASS THROUGH COSTS & EXPENSES

No Pass-Through Costs & Expenses were included in the June 2020 invoice.

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 13 / 15
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## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the revised June invoice received on October 7, 2020, LUMA detailed the advancement with the project schedule, handover checklist and tasks, all in compliance with the O&M Agreement.

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 14 / 15
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## 7. PREVIOUS RECOMMENDATIONS

### 7.1. AUGUST 26, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's June 2020 Invoice was partially approved, pending additional information regarding the Labor fee.

Recommendations:

- Release the payment of the June 2020 FETS Fixed Fee payment of \$1,500,000
- Request LUMA a revised invoice in which LUMA matches the Labor hours with the activities performed

FEES & SUPPORTING DOCUMENTS VALIDATION						
Item	Concept	Amount	Validation	Pending	Disbursement	Comments
INVOICE FETS 0620-01						
1	LABOR	\$ 828,770	✗	\$ 828,770	NO	Pending revised invoice with Labor hours matched with activities performed
2	FETS FIXED FEE	\$ 1,500,000	✓	\$ 1,500,000	YES	Disbursement Recommended on August 26, 2020
3	PASS THROUGH COSTS & EXPENSES	N/A	N/A	N/A	N/A	N/A

JUNE INVOICE VALIDATION rev.08.26.2020				
Concept	Labor	FETS Fixed Fee	Expenses	Total
Inv. FETS-0620-01	\$ 828,770.00	\$ 1,500,000	\$ -	\$ 2,328,770.00
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000.00
PENDING BALANCE				
	\$ 828,770.00	\$ -	\$ -	\$ 828,770.00

June 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 15 / 15
	Version 2	Date 10.15.20

## 8. CONCLUSIONS & RECOMMENDATIONS

### 8.1. OCTOBER 15, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's June 2020 Invoice is Approved

- Release a June 2020 Labor payment of \$822,770.00

JUNE INVOICE VALIDATION rev.10.15.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0620-01	\$ 828,770.00	\$ 1,500,000	\$ -	\$ 2,328,770.00
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000.00
New Recommended Disbursement 10/13/2020	\$ 822,770.00	\$ -	\$ -	\$ 822,770.00
AMOUNT REJECTED				
Amount rejected related to difference hrs per position	\$ (6,000.00)	\$ -	\$ -	\$ (6,000.00)



**DATE:** 10.19.2020

**PROJECT:** Puerto Rico Transmission and Distribution System  
Operation and Maintenance

**P3 REPORT:**  
**July 2020**  
**LUMA Invoice Validation**

**CLIENT:** Puerto Rico Public-Private Partnership Authority (P3A)

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 2 / 15
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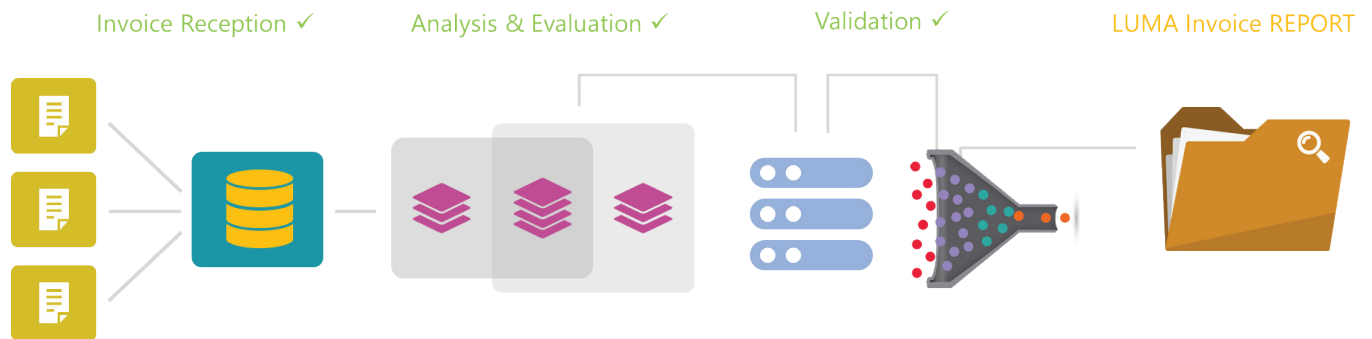
## Version Control

Date	Author	Description	Approved
08.21.20	Eclipse	1.0 - Initial Version	C.LLACER
08.26.20	Eclipse	1.1 - Initial Version	C.LLACER
09.18.20	Eclipse	1.2– Initial Version	C.LLACER
09.29.20	Eclipse	1.3 – Initial Version for LUMA revision	C.LLACER
10.15.20	Eclipse	1.4- Initial Version with Labor Validation	C.LLACER
10.19.20	Eclipse	1.5 – Final Version with Labor Validation	C. LLACER

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 4 / 15
	Version 1.5	Date 10.19.2020

## 1. INTRODUCTION

Pursuant to Section 4.6 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("O&M Agreement") the Puerto Rico Public-Private Partnership Authority as Contract Administrator ("P3A" or "Administrator") has the responsibility and obligation to evaluate in detail the invoices submitted by LUMA on a monthly basis, prior to authorizing the disbursement by the Puerto Rico Power Authority ("PREPA" or "Owner"). The LUMA Invoice Validation Report ("Report") contains P3A' evaluation of the LUMA July 2020 Invoice. The steps taken to evaluate the invoice are shown on the following picture.



Note that this process starts as soon as the invoice from LUMA is received. All the documents submitted by LUMA are stored in a centralized repository, to ease access and use.

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 5 / 15
	Version 1.5	Date 10.19.2020

## 2. INVOICE VALIDATION APPROACH

The Administrator evaluates the following 5 areas:

- Format
- Administrative Documents
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- Supporting Documents
- Compliance with the O&M Agreement

The validation results of each area are contained in the next sections of this report.

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July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 6 / 15
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## 2.1. VALIDATION RESULTS

The outcome of the evaluation may have several different results. That being said, "Format" or "Administrative Document" findings, have the effect of paralyzing the disbursement of the whole invoice.

The validation results are the following:

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- Not Approved Invoice
- Partial Approved Invoice pending Administrative Document(s)
- Partial Approved Invoice pending Supporting Document(s)
- Partial Approved Invoice pending Fee Adjustment/Review

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 7 / 15
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### 3. FORMAT VALIDATION

The following items have been evaluated as part of the Format Validation:

- Bill To
- Date
- Invoice Number
- Terms
- Non-interest clause

The following table contains the findings (if any) for each of the items evaluated.

FORMAT VALIDATION		
Item	Validation	Comments
BILL TO	✓	Submitted to P3 and to be PAID by PREPA
DATE	✓	August 10, 2020
REVISED INVOICE DATE	✓	October 7, 2020
INVOICE NUMBER	✓	FETS-0720-01
TERMS	✓	Net 30
NON-INTEREST CLAUSE	✓	Non-interest certification clause included

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## 4. ADMINISTRATIVE DOCUMENTS

There are several administrative documents that LUMA, as an organization shall provide on a regular basis to the Administrator. The following table contains the list of all the documents together with their status.

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
DEPARTMENT OF TREASURY OF THE COMMONWEALTH					
1	Income Tax Filling Certificate (Model SC 6088)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/19/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo
3	Operator's Merchant's Registration Certificate (Form SC 2918)	✓	3/30/2020	8/31/2021	LUMA Energy
		✓	4/14/2020	7/31/2021	LUMA Energy ServCo
4	Puerto Rico Sales and Use Tax returns filling Certification for the last sixty (60) tax periods (Form SC 2942)	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo
5	Puerto Rico Sale and Use Tax (IVU) Debt Certificate (Model SC 2927)	N/A	N/A	N/A	Non retaining Agent
6	Withholding Exemption "Relevo Hacienda"	✓	7/2/2020	12/31/2020	LUMA Energy

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
CRIM					
1	Property Tax Filling Certificate (Propiedad Mueble)	✓	8/10/2020	11/8/2020	LUMA Energy
		✓	8/10/2020	11/8/2020	LUMA Energy ServCo
2	All Concepts Debt Certification	✓	8/18/2020	11/16/2020	LUMA Energy
		✓	8/18/2020	11/16/2020	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
DEPARTMENT OF LABOUR AND HUMAN RESOURCES					
1	Employer Registration Certificate and debt certificate for unemployment insurance and temporary disability (workmen's compensation)	✓	8/3/2020	11/1/2020	LUMA Energy
		✓	8/3/2020	11/1/2020	LUMA Energy ServCo
2	Employer Registration Certificate and chauffeur's social security debt certification	✓	8/3/2020	11/1/2020	LUMA Energy
		✓	8/3/2020	11/1/2020	LUMA Energy ServCo

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 9 / 15
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ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
CFSE & ASUME					
1	State Insurance Fund Policy Certification (CFSE)	✓	8/6/2020	6/30/2021	LUMA Energy
		✓	8/20/2020	6/30/2021	LUMA Energy ServCo
2	ASUME Withholding Compliance Statement Certificate	✓	8/10/2020	9/9/2020	LUMA Energy
		✓	8/10/2020	9/9/2020	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
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1	Certificate of Good Standing	✓	6/18/2020	4/15/2021	LUMA Energy
		✓	6/18/2020	4/15/2021	LUMA Energy ServCo
2	Certificate of Existence or to do Business in Puerto Rico or Incorporation Certificate	✓	1/17/2020	✓	LUMA Energy
		✓	1/17/2020	✓	LUMA Energy ServCo

ADMINISTRATIVE DOCUMENTS VALIDATION					
Item	Document	Validation	Date	Expiration	Entity
OTHER					
1	No Conviction Sworn Statement (Law 8 – 2017)	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
2	Sworn Statement - Law 2 - 2018	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
3	Guarantees	✓	6/22/2020	✓	Quanta
		✓	6/22/2020	✓	CUL

All the required Administrative Documents were submitted by LUMA and previously validated by **Eclipse Management**. The validation of all Administrative Documents enabled the release of the July 2020 FETS Fixed Fee which was approved by P3A on August 28, 2020.

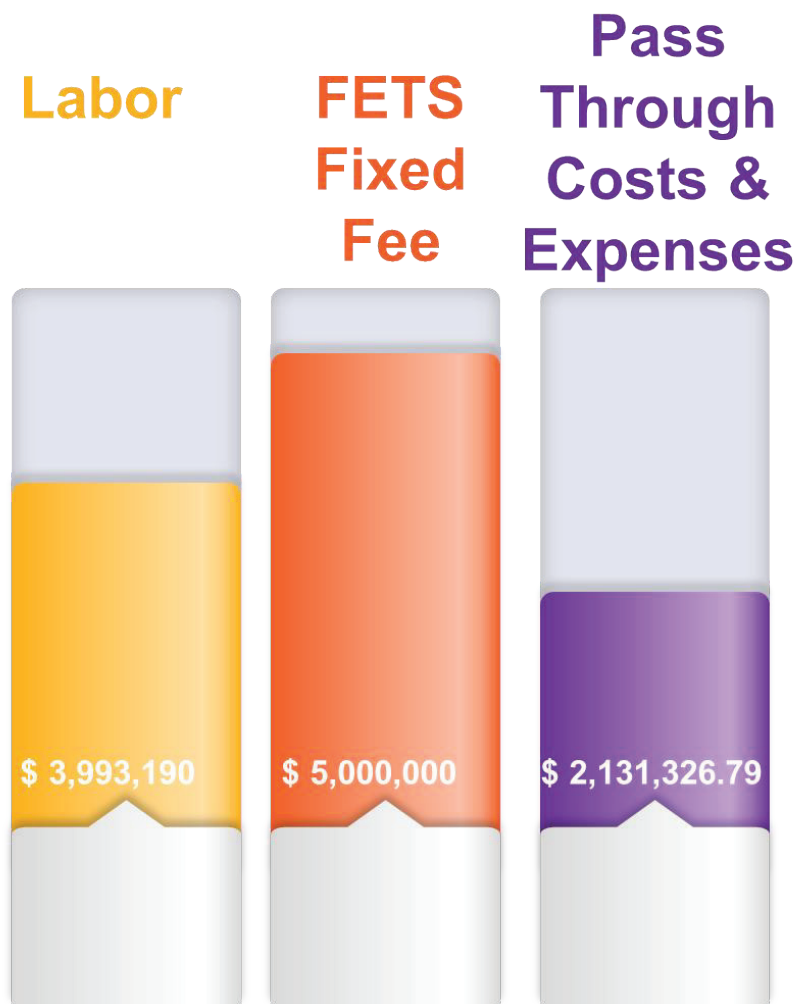
July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 10 / 15
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's July invoice is composed of the following concepts:

- Labor
- Front-End Transition Service (FETS) Fixed Fee
- Pass-Through Costs & Expenses

The amounts for each of these concepts are illustrated in the following picture:





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## 5.1. LABOR

Eclipse Management validated the fees per profile. LUMA correctly applied the fees per profile, as established in Appendix 5 of the O&M Agreement.

LUMA uses a "Web Based Tool" that registers the employees Timesheets. Eclipse Management validated the labor hours on the LUMA "Web Based Tool" and with additional details provided by LUMA, Eclipse Management matched the assigned hours with the activity that was performed.

It is worth nothing that LUMA did not match the Labor and activity in the original July invoice submitted on August 10, 2020. In light of this, P3A requested LUMA submit a revised invoice with the appropriate Labor and FET related activity match. The revised invoice was received on October 7, 2020.

The validation carried out took into account employees, positions and hours dedicated to each department or task in order to verify that there were no duplicate tasks or hours worked. Eclipse Management created a validation method that demonstrates the advancement of the FET and enables a month to month comparison. This facilitates the advancement and progress tracking of the FET on a percentage basis.

The following table contains the global summary of Labor costs, showing:

- the number of hours per position
- the associated hourly rates
- the overall cost per position

FETS LABOR COSTS - LUMA JULY INVOICE									
Position	Hours Invoiced	Hours Validated	Difference Identified	*Hourly Rate	Amount Invoiced	Amount Validated	Difference	Amount Recommended for Disbursement	Comments
ADMINISTRATIVE SUPPORT	740.0	740.0	-	\$ 50.00	\$ 37,000.00	\$ 37,000.00	\$ -	\$ 37,000.00	Eclipse was able to correctly validate the total of July labor hours by employee categories and their respective rates. Notwithstanding, when compared to the Labor total in the July invoice, there is a \$8,240.00 difference of which \$5,200.00 is reimbursable as it was for an invoice error, specifically in the sum of Vice President's hours, but will remain unpaid a total of \$3,040.00 that are not justified in Eclipse's validation.
ANALYST	1,813.5	1,813.5	-	\$ 125.00	\$ 226,687.50	\$ 226,687.50	\$ -	\$ 226,687.50	
DIRECTORS	2,713.5	2,713.5	-	\$ 275.00	\$ 746,212.50	\$ 746,212.50	\$ -	\$ 746,212.50	
ENGINEERS	843.0	843.0	-	\$ 160.00	\$ 134,880.00	\$ 134,880.00	\$ -	\$ 134,880.00	
FIELD SUPERVISOR	1,714.5	1,714.5	-	\$ 160.00	\$ 274,320.00	\$ 274,320.00	\$ -	\$ 274,320.00	
FIELD TECH	658.0	658.0	-	\$ 195.00	\$ 128,310.00	\$ 128,310.00	\$ -	\$ 128,310.00	
TRAINERS	-	-	-	\$ 200.00	\$ -	\$ -	\$ -	\$ -	
MANAGER	3,977.0	3,977.0	-	\$ 200.00	\$ 795,400.00	\$ 795,400.00	\$ -	\$ 795,400.00	
SENIOR ANALYST	1,737.5	1,737.5	-	\$ 160.00	\$ 278,000.00	\$ 278,000.00	\$ -	\$ 278,000.00	
SENIOR DIRECTOR	805.0	805.0	-	\$ 300.00	\$ 241,500.00	\$ 241,500.00	\$ -	\$ 241,500.00	
SENIOR MANAGER	1,189.0	1,189.0	-	\$ 210.00	\$ 249,690.00	\$ 249,690.00	\$ -	\$ 249,690.00	
VICE PRESIDENT	2,686.0	2,702.0	16.0	\$ 325.00	\$ 872,950.00	\$ 878,150.00	\$ 5,200.00	\$ 878,150.00	
			16.0	TOTAL	\$ 3,984,950.00	\$ 3,990,150.00	\$ 8,240.00	\$ 5,200.00	\$ 3,990,150.00

\* Rates confirmed and validated as per Annex V of the O&M Agreement

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 12 / 15
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## 5.2. FETS FIXED FEE

As per Section 4.6 of the O&M Agreement, the Fixed Fee included in this invoice is a complete monthly fee for the month of July. The following table contains the evaluation of the FETS Fixed Fee.

FEES & SUPPORTING DOCUMENTS VALIDATION					
Year	Total Amount	Month Rate	Complete Month	Amount	Comments
FETS FIXED FEE					
1	\$ 60,000,000.00	\$ 5,000,000.00	31 days	\$ 5,000,000	OK

Based on Eclipse Management's calculation, this amount is correct and was approved for disbursement on August 28, 2020.

## 5.3. PASS THROUGH COSTS & EXPENSES

As per Section 7.2 of the O&M Agreement, the Pass-Through Cost & Expenses were included in the July invoice. Additional documents and information were requested from LUMA on August 17, 2020.

It is worth noting that LUMA did not match the third party labor to the FET related activity in the original July invoice submitted on August 10, 2020. In light of this, P3A requested LUMA submit a revised invoice with the appropriate third-party labor and FET related activity match. The revised invoice was received on October 7, 2020.

The Pass-Through Cost and Expenses were validated, and with the data provided by LUMA, Eclipse Management was able to verify the invoices submitted. In order to confirm that the Pass-Through Costs and Expenses complied with the O&M Agreement, Eclipse Management evaluated dates, invoice numbers, invoice amounts, contracts from third party contractors, scope of works, and work orders.

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## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the revised July invoice received on October 7, 2020, LUMA detailed the advancement with the project schedule, handover checklist and tasks, all in compliance with the O&M Agreement.

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## 7. PREVIOUS RECOMMENDATIONS

### 7.1. AUGUST 26, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's July 2020 Invoice was partially Approved pending additional supporting documents.

Recommendations:

- Release the payment of the July 2020 FETS Fixed Fee payment of (\$5,000,000);
- In order to approve the release of the Labor fee:
  - Additional information was requested on August 17, 2020
  - A revised invoice with Labor hours matched with activities performed was received from LUMA on October 7, 2020
- In order to approve the release of the Pass-Through Costs & Expenses:
  - Additional documents were requested on August 17, 2020
  - A revised invoice with third party labor matched with FET related activities performed was received LUMA on October 7, 2020

FEES & SUPPORTING DOCUMENTS VALIDATION						
Item	Concept	Amount	Validation	Pending	Disbursement	Comments
INVOICE FETS 0720-01						
1	LABOR	\$ 3,993,190	✗	\$ 3,993,190	NO	Pending revised invoice with Labor hours matched with activities performed
2	FETS FIXED FEE	\$ 5,000,000	✓		YES	Disbursement Recommended on August 26, 2020
3	PASS THROUGH COSTS & EXPENSES	\$ 2,781,181.56	✗	\$ 2,781,181.56	NO	Pending revised invoice with third party labor matched with FET related activities performed

JULY INVOICE VALIDATION rev.08.26.2020				
Concept	Labor	FETS Fixed Fee	Expenses	Total
Inv. FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
PENDING BALANCE				
Validation Process in Progress with LUMA	\$ 3,993,190.00	\$ -	\$ 2,781,181.56	\$ 6,774,371.56

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## 8. CONCLUSIONS AND RECOMMENDATIONS

### 8.1. OCTOBER 19, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's July 2020 Invoice is partially Approved pending revision of the Pass-Through Costs & Expenses.

Recommendations:

- Release a July 2020 Labor payment of (\$3,990,150.00)

JULY INVOICE VALIDATION rev.10.19.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
New Recommended Disbursement 10/19/2020	\$ 3,990,150.00	\$ -	\$ -	\$ 3,990,150.00
AMOUNT REJECTED				
Amount rejected	\$ (3,040.00)	\$ -	\$ -	\$ (3,040.00)
PENDING BALANCE				
Amount Pending Review	\$ -	\$ -	\$ 2,781,181.56	\$ 2,781,181.56

# **FETS 0004 June and July 2020 Pass Through Costs and Expenses**



**Puerto Rico Public-Private Partnerships Authority**

Administrator of the Puerto Rico Transmission and Distribution  
System Operation and Maintenance Agreement  
PO Box 42001  
San Juan, Puerto Rico 00940-2001

**INVOICE**

Invoice No. FETS-0004  
Date: October 26, 2020

**To:**

**Puerto Rico Electric Power Authority**  
PO Box 364267  
San Juan, Puerto Rico 00936-4267

**To be paid to:**

**LUMA Energy, LLC**  
644 Ave. Manuel Fernández Juncos, Suite 301  
San Juan, Puerto Rico 00907

**Tax Registration No. 66-0940278**

**Contract Ref:** Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement

DESCRIPTION	AMOUNT
Front-End Transition Services Pass-Through Costs & Expenses July 2020	\$2,131,326.79
	\$2,131,326.79

**Remittance Information:**

**Wire to:** Bank of America, NA, 222 Broadway, New York, NY 10038

**Account #:** 488074008867 **Wire Routing #:** 026009593 **ACH Routing #:** 111000025



**GOVERNMENT OF PUERTO RICO**  
**Puerto Rico Public-Private Partnerships Authority**

October 26, 2020

**Puerto Rico Electric Power Authority**

Attention: Efran Paredes Maisonet  
Executive Director  
PO BOX 364267  
San Juan, Puerto Rico 00936-4267

**Re: LUMA Invoice – Disbursement of Funds – July 2020**

Dear Mr. Paredes:

We refer to the Operations and Maintenance Agreement dated as of June 22, 2020 (the “**O&M Agreement**”), among LUMA Energy, LLC (“**LUMA**”), LUMA Energy ServCo, LLC (a wholly-owned subsidiary of LUMA), the Public-Private Partnerships Authority (“**P3 Authority**”), and the Puerto Rico Electric Power Authority (“**PREPA**”). Except as provided herein, capitalized terms used but not otherwise defined in this letter have the meaning ascribed to them in the O&M Agreement.

Section 4.6(d) (*Front-End Transition Period Compensation – Invoices*) of the O&M Agreement provides the following:

*(i) On or prior to the tenth (10th) day of each month during which Operator is performing the Front-End Transition Services, Operator shall provide Administrator with a monthly invoice describing in reasonable detail the prior calendar month’s Front-End Transition Services and the corresponding Front-End Transition Service Fee for such prior calendar month. All invoices shall comply with the requirements set forth in Section 9.2(c) (Anti- Corruption and Sanctions Laws – Policies and Procedures).*







## GOVERNMENT OF PUERTO RICO

### Puerto Rico Public-Private Partnerships Authority

*(ii) Operator shall provide promptly to Administrator such additional supporting documentation evidencing the provision of the Front-End Transition Services, if any, and the calculation of the Front-End Transition Service Fee related thereto as Administrator may reasonably request and as may be required by Applicable Law. Administrator shall promptly advise Operator of any disputed invoice amounts, and all such disputes which Operator and Administrator are unable to resolve shall be subject to resolution as a Technical Dispute in accordance with Article 15 (Dispute Resolution) (any such Dispute, a “Front-End Transition Service Fee Dispute”).*

*(iii) Payments of undisputed amounts under any invoice shall be due within thirty (30) days of Administrator’s receipt of such invoice.*

Pursuant to this section of the O&M Agreement, LUMA provided the P3 Authority with an invoice describing the Front-End Transition Services and the corresponding Front-End Transition Service Fee for July 2020 (the “**July Invoice**”).

As part of its review of the Front-End Transition Services invoices, the P3 Authority hired Eclipse Management to evaluate the invoices submitted to it by LUMA. Please find attached as Annex A Eclipse Management’s assessments of the July Invoice (the “**July Invoice Validation Report**”).

Based on both the review of the P3 Authority and Eclipse Management of the July Invoice, and pursuant to Section 4.6(d)(iii) of the O&M Agreement, the P3 Authority has approved payment to LUMA of the Pass-Through Costs and Expenses component of the July Invoice. To this end, we kindly ask that PREPA



# GOVERNMENT OF PUERTO RICO

## Puerto Rico Public-Private Partnerships Authority

disburse funds in the amount of US \$2,131,326.79 to be paid to LUMA for the work described in the July Invoice.

Sincerely,

A handwritten signature in blue ink, appearing to read "F. Fontanés Gómez".

Fermín E. Fontanés Gómez, Esq.  
Executive Director  
Puerto Rico Public-Private Partnership Authority



# GOVERNMENT OF PUERTO RICO

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## Puerto Rico Public-Private Partnerships Authority

### ANNEX A





**DATE:** 10.23.2020

**PROJECT:** Puerto Rico Transmission and Distribution System  
Operation and Maintenance

**P3 REPORT:**  
**July 2020**  
**LUMA Invoice Validation**

**CLIENT:** Puerto Rico Public-Private Partnership Authority (P3A)

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2. INVOICE VALIDATION APPROACH .....	5
2.1.VALIDATION RESULTS.....	6
3. FORMAT VALIDATION.....	7
4. ADMINISTRATIVE DOCUMENTS.....	8
5. FEES & SUPPORTING DOCUMENTS.....	10
5.1.LABOR .....	11
5.2.FETS FIXED FEE .....	12
5.3.PASS-THROUGH COSTS & EXPENSES .....	12
6. O&M AGREEMENT COMPLIANCE.....	13
7. PREVIOUS RECOMMENDATIONS.....	14
7.1.AUGUST 26, 2020 RECOMMENDATIONS.....	14
7.2.OCTOBER 19, 2020 RECOMMENDATIONS .....	15
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8.1.OCTOBER 23, 2020 RECOMMENDATIONS .....	16

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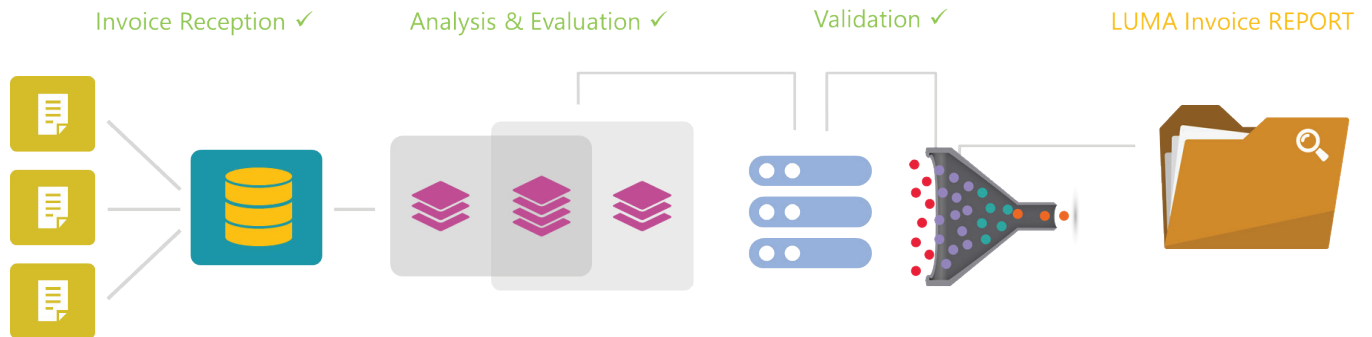
## Version Control

Date	Author	Description	Approved
08.21.20	Eclipse	1.0 - Initial Version	C.LLACER
08.26.20	Eclipse	1.1 - Initial Version	C.LLACER
09.18.20	Eclipse	1.2– Initial Version	C.LLACER
09.29.20	Eclipse	1.3 – Initial Version for LUMA revision	C.LLACER
10.13.20	Eclipse	1.4- Initial Version with Labor Validation	C.LLACER
10.19.20	Eclipse	1.5- Final Version with Labor Validation	C.LLACER
10.21.20	Eclipse	2.0- Initial Version with Pass-Through Cost & Expenses	C.LLACER
10.23.20	Eclipse	2.1 - Final Version with Pass-Through Cost & Expenses	C. LLACER

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## 1. INTRODUCTION

Pursuant to Section 4.6 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("O&M Agreement") the Puerto Rico Public-Private Partnership Authority as Contract Administrator ("P3A" or "Administrator") has the responsibility and obligation to evaluate in detail the invoices submitted by LUMA on a monthly basis, prior to authorizing the disbursement by the Puerto Rico Power Authority ("PREPA" or "Owner"). The LUMA Invoice Validation Report ("Report") contains P3A' evaluation of the LUMA July 2020 Invoice. The steps taken to evaluate the invoice are shown on the following picture.



Note that this process starts as soon as the invoice from LUMA is received. All the documents submitted by LUMA are stored in a centralized repository, to ease access and use.

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## 2. INVOICE VALIDATION APPROACH

The Administrator evaluates the following 5 areas:

- Format
- Administrative Documents
- Fees
- Supporting Documents
- Compliance with the O&M Agreement

The validation results of each area are contained in the next sections of this report.

This report is shared with LUMA and Owner. Any additional information or document submitted after this report is issued, shall be incorporated in the next report.





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## 2.1. VALIDATION RESULTS

The outcome of the evaluation may have several different results. That being said, "Format" or "Administrative Document" findings, have the effect of paralyzing the disbursement of the whole invoice.

The validation results are the following:

- Approved Invoice
- Not Approved Invoice
- Partial Approved Invoice pending Administrative Document(s)
- Partial Approved Invoice pending Supporting Document(s)
- Partial Approved Invoice pending Fee Adjustment/Review

July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 7 / 16
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### 3. FORMAT VALIDATION

The following items have been evaluated as part of the Format Validation:

- Bill To
- Date
- Invoice Number
- Terms
- Non-interest clause

The following table contains the findings (if any) for each of the items evaluated.

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July 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 8 / 16
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2	Certificate of Existence or to do Business in Puerto Rico or Incorporation Certificate	✓	1/17/2020	✓	LUMA Energy
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Item	Document	Validation	Date	Expiration	Entity
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1	No Conviction Sworn Statement (Law 8 – 2017)	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
2	Sworn Statement - Law 2 - 2018	✓	6/19/2020	6/19/2021	LUMA Energy
		✓	6/19/2020	6/19/2021	LUMA Energy ServCo
3	Guarantees	✓	6/22/2020	✓	Quanta
		✓	6/22/2020	✓	CUL

All the required Administrative Documents were submitted by LUMA and previously validated by **Eclipse Management**. The validation of all Administrative Documents enabled the release of the July 2020 FETS Fixed Fee which was approved by P3A on August 28, 2020.

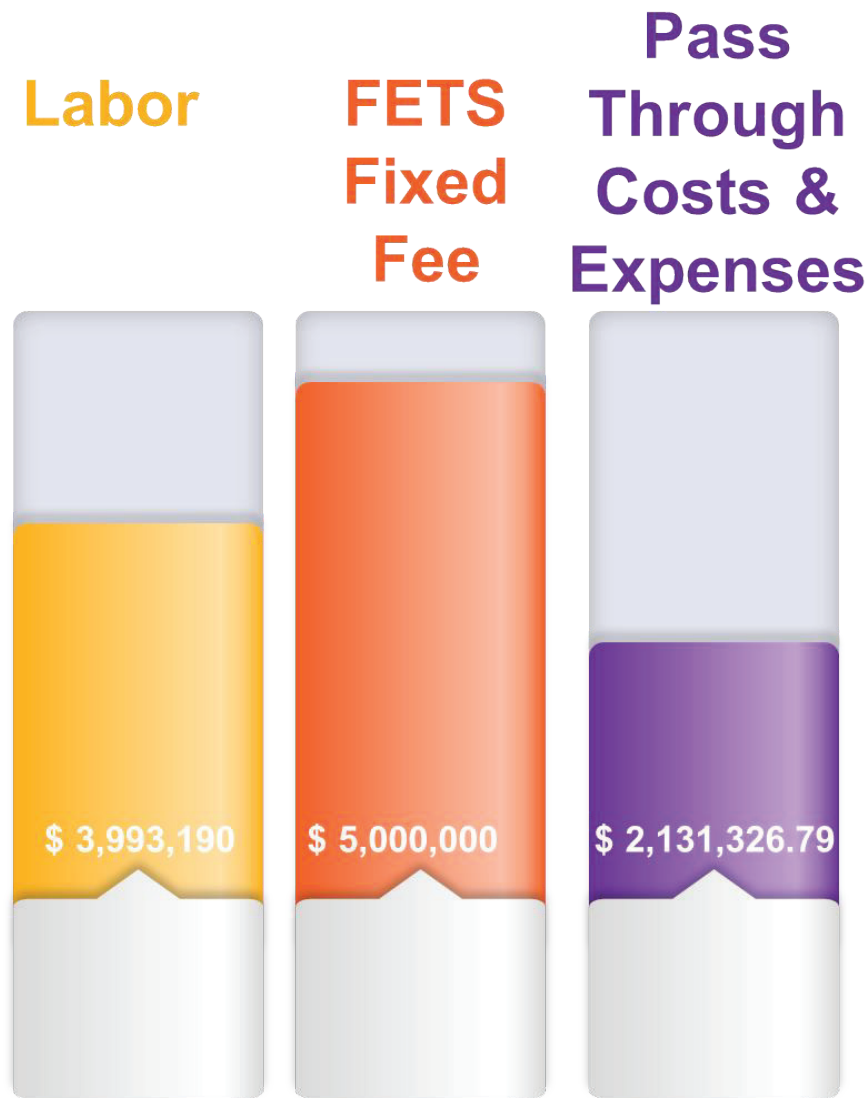
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's July invoice is composed of the following concepts:

- Labor
- Front-End Transition Service (FETS) Fixed Fee
- Pass-Through Costs & Expenses

The amounts for each of these concepts are illustrated in the following picture:



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## 5.1. LABOR

Eclipse Management validated the fees per profile. LUMA correctly applied the fees per profile, as established in Appendix 5 of the O&M Agreement.

LUMA uses a "Web Based Tool" that registers the employees Timesheets. Eclipse Management validated the labor hours on the LUMA "Web Based Tool" and with additional details provided by LUMA, Eclipse Management matched the assigned hours with the activity that was performed.

It is worth nothing that LUMA did not match the third party Labor and activity in the original July invoice submitted on August 10, 2020. In light of this, P3A requested LUMA submit a revised invoice with the appropriate Labor and FET related activity match. The revised invoice was received on October 7, 2020.

The validation carried out took into account employees, positions and hours dedicated to each department or task in order to verify that there were no duplicate tasks or hours worked. Eclipse Management created a validation method that demonstrates the advancement of the FET and enables a month to month comparison. This facilitates the advancement and progress tracking of the FET on a percentage basis.

The following table contains the global summary of Labor costs, showing:

- the number of hours per position
- the associated hourly rates
- the overall cost per position

FETS LABOR COSTS - LUMA JULY INVOICE										
Position	Hours Invoiced	Hours Validated	Difference Identified	*Hourly Rate	Amount Invoiced	Amount Validated	Difference		Amount Recommended for Disbursement	Comments
ADMINISTRATIVE SUPPORT	740.0	740.0	-	\$ 50.00	\$ 37,000.00	\$ 37,000.00		\$ -	\$ 37,000.00	Eclipse was able to correctly validate the total of July's labor hours by employee categories and their respective rates. Notwithstanding, when compared to the Labor total in the July invoice, there is a \$8,240.00 difference of which \$5,200.00 is reimbursable as it was for an invoice error, specifically in the sum of Vice President's hours.
ANALYST	1,813.5	1,813.5	-	\$ 125.00	\$ 226,687.50	\$ 226,687.50		\$ -	\$ 226,687.50	
DIRECTOR	2,713.5	2,713.5	-	\$ 275.00	\$ 746,212.50	\$ 746,212.50		\$ -	\$ 746,212.50	
ENGINEERS	843.0	843.0	-	\$ 160.00	\$ 134,880.00	\$ 134,880.00		\$ -	\$ 134,880.00	
FIELD SUPERVISOR	1,714.5	1,714.5	-	\$ 160.00	\$ 274,320.00	\$ 274,320.00		\$ -	\$ 274,320.00	
FIELD TECH	658.0	658.0	-	\$ 195.00	\$ 128,310.00	\$ 128,310.00		\$ -	\$ 128,310.00	
TRAINERS	-	-	-	\$ 200.00	\$ -	\$ -		\$ -	\$ -	
MANAGER	3,977.0	3,977.0	-	\$ 200.00	\$ 795,400.00	\$ 795,400.00		\$ -	\$ 795,400.00	
SENIOR ANALYST	1,737.5	1,737.5	-	\$ 160.00	\$ 278,000.00	\$ 278,000.00		\$ -	\$ 278,000.00	
SENIOR DIRECTOR	805.0	805.0	-	\$ 300.00	\$ 241,500.00	\$ 241,500.00		\$ -	\$ 241,500.00	
SENIOR MANAGER	1,189.0	1,189.0	-	\$ 210.00	\$ 249,690.00	\$ 249,690.00		\$ -	\$ 249,690.00	
VICE PRESIDENT	2,686.0	2,702.0	16.0	\$ 325.00	\$ 872,950.00	\$ 878,150.00		\$ 5,200.00	\$ 878,150.00	
* Rates confirmed and validated as per Annex V of the O&M Agreement			16.0	TOTAL	\$ 3,984,950.00	\$ 3,990,150.00	\$ 8,240.00	\$ 5,200.00	\$ 3,990,150.00	

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## 5.2. FETS FIXED FEE

As per Section 4.6 of the O&M Agreement, the Fixed Fee included in this invoice is a complete monthly fee for the month of July. The following table contains the evaluation of the FETS Fixed Fee.

FEES & SUPPORTING DOCUMENTS VALIDATION					
Year	Total Amount	Month Rate	Complete Month	Amount	Comments
FETS FIXED FEE					
1	\$ 60,000,000.00	\$ 5,000,000.00	31 days	\$ 5,000,000	OK

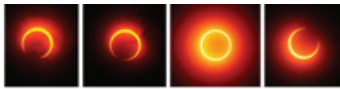
Based on Eclipse Management's calculation, this amount is correct and was approved for disbursement on August 28, 2020.

## 5.3. PASS-THROUGH COSTS & EXPENSES

As per Section 7.2 of the O&M Agreement, the Pass-Through Costs & Expenses were included in the July invoice. Additional documents and information were requested from LUMA on August 17, 2020.

It is worth noting that LUMA did not match the third party labor to the FET related activity in the original July invoice submitted on August 10, 2020. In light of this, P3A requested LUMA submit a revised invoice with the appropriate third party labor and FET related activity match. The revised invoice was received on October 7, 2020.

The Pass-Through Costs and Expenses were validated, and with the data provided by LUMA, Eclipse Management was able to verify the invoices submitted. In order to confirm that the Pass-Through Costs & Expenses complied with the O&M Agreement, Eclipse Management evaluated dates, invoice numbers, invoice amounts, contracts from third party contractors, scope of works, and work orders.



Eclipse Management



## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the revised July invoice received on October 7, 2020, LUMA detailed the advancement with the project schedule, handover checklist and tasks, all in compliance with the O&M Agreement.



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## 7. PREVIOUS RECOMMENDATIONS

### 7.1. AUGUST 26, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's July 2020 Invoice was partially Approved pending additional supporting documents.

Recommendations:

- Release the payment of the July 2020 FETS Fixed Fee payment of (\$5,000,000);
- In order to approve the release of the Labor fee:
  - Additional information was requested on August 17, 2020
  - A revised invoice with Labor hours matched with activities performed was received from LUMA on October 7, 2020
- In order to approve the release of the Pass-Through Costs & Expenses:
  - Additional documents were requested on August 17, 2020
  - A revised invoice with third party labor matched with FET related activities performed was received LUMA on October 7, 2020

FEES & SUPPORTING DOCUMENTS VALIDATION						
Item	Concept	Amount	Validation	Pending	Disbursement	Comments
INVOICE FETS 0720-01						
1	LABOR	\$ 3,993,190	✗	\$ 3,993,190	NO	Pending revised invoice with Labor hours matched with activities performed
2	FETS FIXED FEE	\$ 5,000,000	✓		YES	Disbursement Recommended on August 26, 2020
3	PASS THROUGH COSTS & EXPENSES	\$ 2,781,181.56	✗	\$ 2,781,181.56	NO	Pending revised invoice with third party labor matched with FET related activities performed

JULY INVOICE VALIDATION rev.08.26.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
PENDING BALANCE				
Validation Process in Progress with LUMA	\$ 3,993,190.00	\$ -	\$ 2,781,181.56	\$ 6,774,371.56

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## 7.2. OCTOBER 19, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's July 2020 Invoice is Partially Approved pending revision of the Pass-Through Costs & Expenses.

Recommendations:

- Release a July 2020 Labor payment of (\$3,990,150.00)

JULY INVOICE VALIDATION rev.10.19.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
New Recommended Disbursement 10/19/2020	\$ 3,990,150.00	\$ -	\$ -	\$ 3,990,150.00
AMOUNT REJECTED				
Amount rejected	\$ (3,040.00)	\$ -	\$ -	\$ (3,040.00)
PENDING BALANCE				
Amount Pending Review	\$ -	\$ -	\$ 2,781,181.56	\$ 2,781,181.56

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## 8. CONCLUSIONS AND RECOMMENDATIONS

### 8.1. OCTOBER 23, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's July 2020 Invoice is Approved.

- Release a July 2020 Pass-Through Costs & Expenses payment of (\$2,131,326.79).

JULY INVOICE VALIDATION rev.10.23.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0720-01	\$ 3,993,190.00	\$ 5,000,000	\$ 2,781,181.56	\$ 11,774,371.56
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 08/26/2020	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000.00
Recommended Disbursement 10/19/2020	\$ 3,990,150.00	\$ -	\$ -	\$ 3,990,150.00
New Recommended Disbursement 10/23/2020	\$ -	\$ -	\$ 2,131,326.79	\$ 2,131,326.79
AMOUNT REJECTED				
Amount rejected	\$ -	\$ -	\$ (649,854.77)	\$ (649,854.77)
Amount rejected	\$ (3,040.00)	\$ -	\$ -	\$ (3,040.00)
PENDING BALANCE				
Amount Pending Review	\$ -	\$ -	\$ -	\$ 0.00