

# Monthly Reports

# **FETS 0006**

## **September 2020**

### **Fixed Fee and 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-0006  
Date: October 30, 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 Fixed Fee September 2020	\$5,000,000.00
Front-End Transition Service Labor September 2020	\$4,150,837.50
	\$9,150,837.50

**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 29, 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 – September 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 invoice describing the Front-End Transition Services and the corresponding Front-End Transition Service Fee for September 2020 (the “**September 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 September Invoice (the “**September 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 September 2020 (the “**September Supporting Documentation**”). To date, the P3 Authority has not received from LUMA the September Supporting Documentation.

Accordingly, the P3 Authority has approved payment to LUMA of the Front-End Transition Service Fixed Fee component of the September Invoice. The P3 Authority has also approved payment to LUMA, of the Front-End Transition Labor component of the September 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 \$9,150,837.50 to be paid to LUMA for the work described in the September Invoice.

The balance of the September Invoice will be paid to LUMA once the P3 Authority has had time to conduct its review of the September Supporting Documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "F. Fontanés", written over the printed name.

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



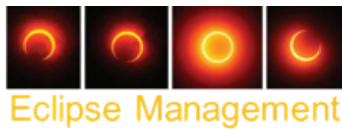
# GOVERNMENT OF PUERTO RICO

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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:**  
**September 2020**  
**LUMA Invoice Validation**

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

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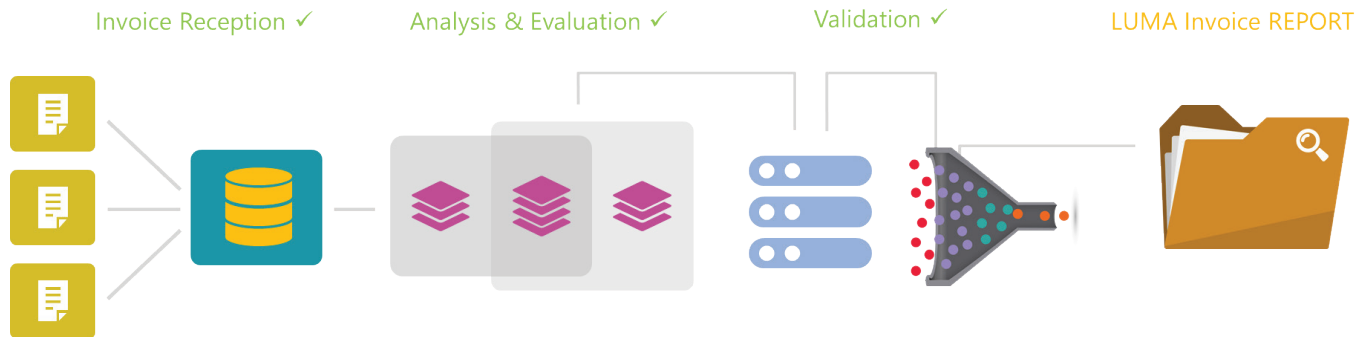
## Version Control

Date	Author	Description	Approved
10.21.20	Eclipse	1.0 - Initial Version	C.LLACER
10.23.20	Eclipse	1.1 - Initial Version with 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"). The LUMA Invoice Validation Report ("Report") contains P3A' evaluation of the LUMA September 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
- 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 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 mentioned above.

FORMAT VALIDATION		
Item	Validation	Comments
BILL TO	✓	Submitted to P3 and to be PAID by PREPA
DATE	✓	October 10, 2020
INVOICE NUMBER	✓	FETS-0920-01
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)	✓	9/21/2020	10/21/2020	LUMA Energy
		✓	8/19/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	9/16/2020	10/16/2020	LUMA Energy
		✓	9/21/2020	10/21/2020	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)	✓	9/21/2020	10/21/2020	LUMA Energy
		✓	9/21/2020	10/21/2020	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

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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	✓	9/21/2020	10/21/2020	LUMA Energy
		✓	9/21/2020	10/21/2020	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 the Administrative Documents, enables the release of the September 2020 FETS Fixed Fee.

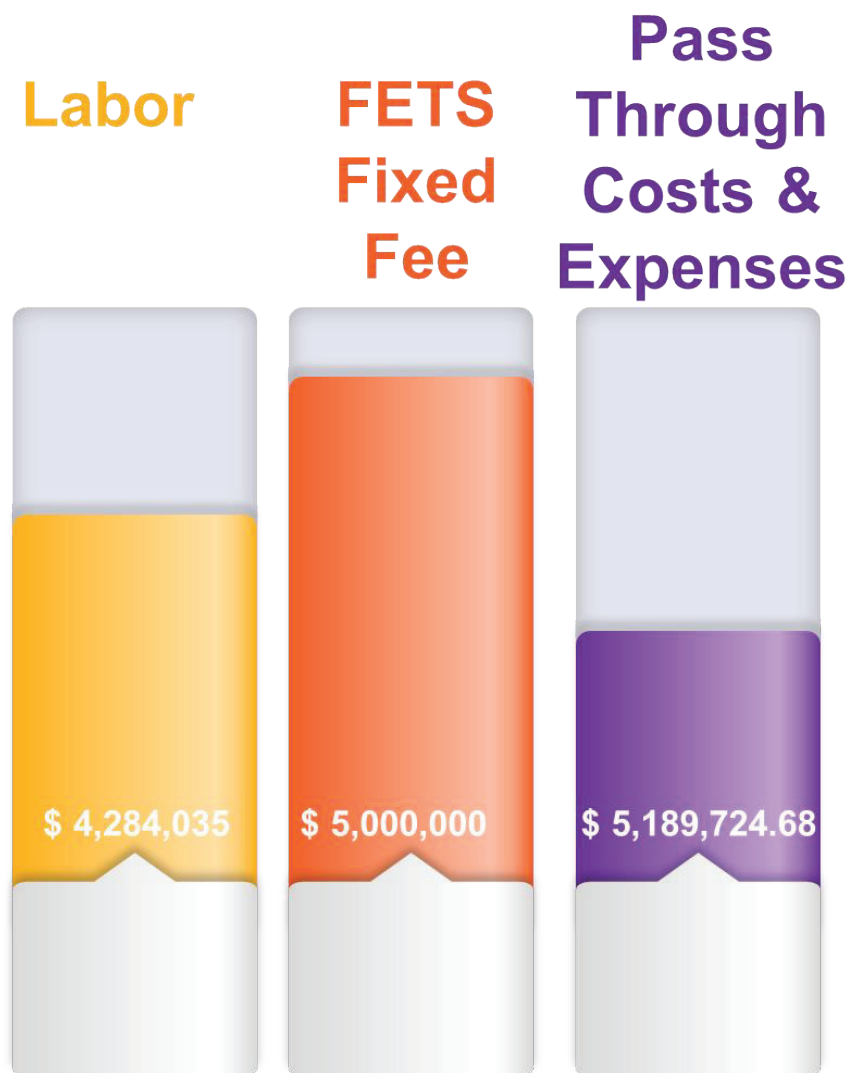
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's August 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. On October 19, 2020 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.

The validation carried 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 validation method demonstrates the advancement of the FET and enables a month to month comparison, thus facilitating 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 SEPTEMBER INVOICE									
Position	Hours Invoiced	Hours Validated	Difference Identified	* Rate per Position	Amount	Overtime Identified	Cost related to Overtime & Difference in Hrs.	Amount Recommended for Disbursement	Comments
ADMINISTRATIVE SUPPORT	811.0	805.0	(6.0)	\$ 50.00	\$ 40,550.00	(60.0)	\$ (3,300.00)	\$ 37,250.00	Eclipse was able to correctly validate the total of September labor hours by employee categories and their respective rates. Notwithstanding, Eclipse is still reviewing approximately 625 Labor hours.
ANALYST	1,708.0	1,708.0	-	\$ 125.00	\$ 213,500.00	-	\$ -	\$ 213,500.00	
DIRECTORS	3,194.0	3,194.0	-	\$ 275.00	\$ 878,350.00	(82.5)	\$ (22,687.50)	\$ 855,662.50	
ENGINEERS	1,083.5	1,083.5	-	\$ 160.00	\$ 173,360.00	-	\$ -	\$ 173,360.00	
FIELD SUPERVISOR	2,016.5	2,016.5	-	\$ 160.00	\$ 322,640.00	-	\$ -	\$ 322,640.00	
FIELD TECH	186.0	186.0	-	\$ 195.00	\$ 36,270.00	-	\$ -	\$ 36,270.00	
TRAINERS	56.0	56.0	-	\$ 200.00	\$ 11,200.00	-	\$ -	\$ 11,200.00	
MANAGER	4,516.5	4,516.5	-	\$ 200.00	\$ 903,300.00	(220.5)	\$ (44,100.00)	\$ 859,200.00	
SENIOR ANALYST	1,991.5	1,991.5	-	\$ 160.00	\$ 318,640.00	(128.0)	\$ (20,480.00)	\$ 298,160.00	
SENIOR DIRECTOR	791.0	791.0	-	\$ 300.00	\$ 237,300.00	-	\$ -	\$ 237,300.00	
SENIOR MANAGER	1,000.0	1,000.0	-	\$ 210.00	\$ 210,000.00	(8.0)	\$ (1,680.00)	\$ 208,320.00	
VICE PRESIDENT	2,889.0	2,889.0	-	\$ 325.00	\$ 938,925.00	(126.0)	\$ (40,950.00)	\$ 897,975.00	
* Rates confirmed and validated as per Annex V of the O&M Agreement					<b>TOTAL</b>	<b>\$ 4,284,035.00</b>	<b>(625.0) \$ (133,197.50)</b>	<b>\$ 4,150,837.50</b>	

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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 September. 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	30 days	\$ 5,000,000	OK

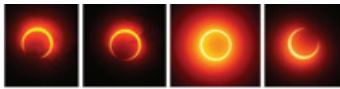
Based on Eclipse Management's calculation, this amount is correct and should be approved for disbursement to LUMA.

## 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 September invoice.

The Pass-Through Cost & Expenses validation process has not been performed yet.

Once Eclipse Management has had time to conduct its review and validation of the information provided by LUMA, Eclipse Management will update the Report accordingly.



Eclipse Management



## 6. O&M AGREEMENT COMPLIANCE

In line with the Labor part of the invoice, 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. CONCLUSIONS & RECOMMENDATIONS

### 7.1. OCTOBER 23, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, LUMA's September 2020 Invoice is Partially approved, pending Labor fee and Pass-Through Costs & Expenses review.

- Release the payment of the September 2020 FETS Fixed Fee (\$5,000,000)
- Release a partial payment of the September 2020 Labor (\$4,150,837.50)

SEPTEMBER INVOICE VALIDATION rev.10.21.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0920-01	\$ 4,284,035.00	\$ 5,000,000	\$ 5,189,724.68	\$ 14,473,759.68
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 10/21/2020	\$ 4,150,837.50	\$ 5,000,000	\$ -	\$ 9,150,837.50
AMOUNT UNDER REVIEW				
Amount under review	\$ (133,197.50)	\$ -	\$ 5,189,724.68	\$ 5,056,527.18

# **FETS 0008**

## **September 2020**

### **Pass Through Cost & Expenses and 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-0008  
Date: December 21, 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 Labor September 2020	\$133,197.50
Front-End Transition Services Pass-Through Costs & Expenses September 2020	\$4,902,117.28
	\$5,035,314.78

**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**

December 21, 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 – September 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.

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## 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 September 2020 (the “**September 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 September Invoice (the “**September Invoice Validation Report**”).

Based on both the review of the P3 Authority and Eclipse Management of the September Invoice, and pursuant to Section 4.6(d)(iii) of the O&M Agreement, the P3 Authority requested from LUMA additional documentation supporting LUMA’s provision of the Front-End Transition Services in September 2020 (the “September Supporting Documentation”). The September Supporting Documentation has been received, reviewed, and evaluated.

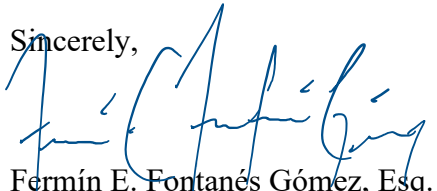
Accordingly, the P3 Authority has approved payment to LUMA of the Front-End Transition Labor component of the September Invoice. The P3 Authority has also approved payment to LUMA, of the Pass-Through Costs and Expenses component of the September Invoice. To this end, we kindly ask that PREPA disburse funds in





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

the amount of US \$5,035,314.78 to be paid to LUMA for the work described in the September Invoice.

Sincerely,  
  
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:** 11.18.2020

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

**P3 REPORT:**

**September 2020**

**LUMA Invoice Validation**

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

September 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 2 / 15
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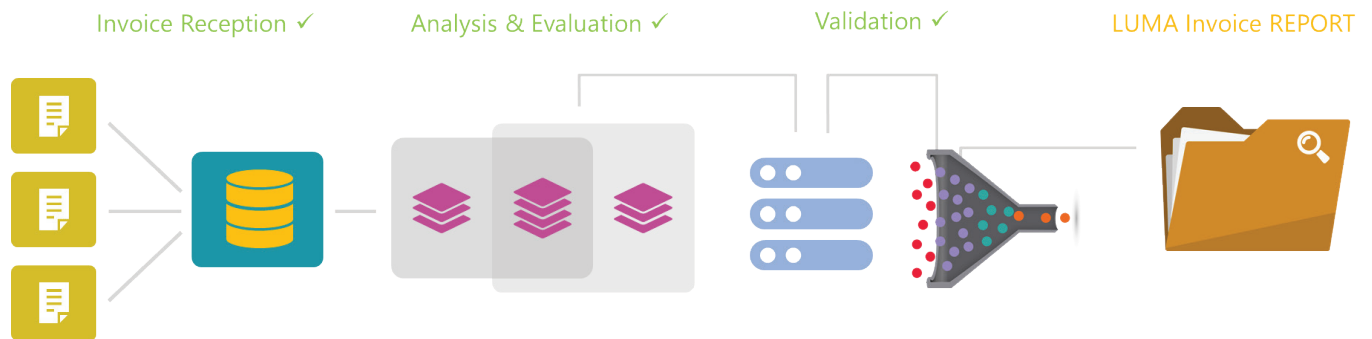
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Date	Author	Description	Approved
10.19.20	Eclipse	1.0 - Initial Version	C.LLACER
10.21.20	Eclipse	2.0 - Second Version with Fixed Fee & Labor Validation	C.LLACER
11.18.20	Eclipse	3.0 - Third Version with Pass-Through Costs & Expenses Validation and Final Labor Validation	C.LLACER

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	Version 3.0	Date 11.18.20

## 1. INTRODUCTION

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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

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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 mentioned above.

FORMAT VALIDATION		
Item	Validation	Comments
BILL TO	✓	Submitted to P3 and to be PAID by PREPA
DATE	✓	October 10, 2020
INVOICE NUMBER	✓	FETS-0920-01
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)	✓	10/9/2020	11/8/2020	LUMA Energy
		✓	8/19/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	10/9/2020	11/8/2020	LUMA Energy
		✓	10/9/2020	11/8/2020	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)	✓	10/9/2020	11/8/2020	LUMA Energy
		✓	10/9/2020	11/8/2020	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

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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	✓	10/9/2020	11/8/2020	LUMA Energy
		✓	10/9/2020	11/8/2020	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 the Administrative Documents, enabled the release of the September 2020 FET Fixed Fee which was approved by P3A on October 30, 2020.

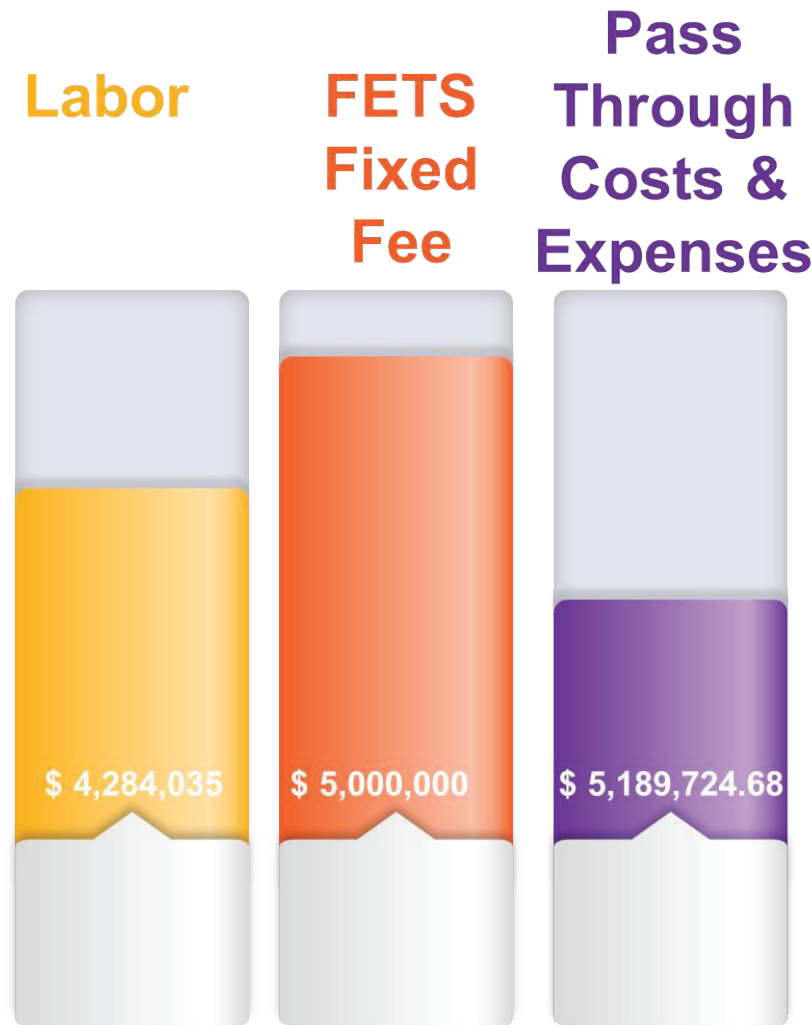
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# 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's September 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. The fees associated with the Upper Management positions (President & CEO, Senior Vice-President, CFO, etc.) were blended and captured as a single rate under the title Vice-President on the O&M Agreement Annex V rate sheet. 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. On October 19, 2020 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.

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's validation method demonstrates the advancement of the FET and enables a month to month comparison, thus facilitating 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 SEPTEMBER INVOICE									
Position	Hours Invoiced	Hours Validated	Difference Identified	* Rate per Position	Amount	Overtime Identified	Cost related to Overtime & Difference in Hrs.	Amount Recommended for Disbursement	Comments
ADMINISTRATIVE SUPPORT	811.0	805.0	(6.0)	\$ 50.00	\$ 40,550.00	(60.0)	\$ (3,300.00)	\$ 37,250.00	The O&M Agreement does not establish a maximum amount of hours to be worked by each employee. Therefore, as established in the October 23, 2020 Report, Eclipse was able to correctly validate the total of September labor hours by employee categories and their respective rates.
ANALYST	1,708.0	1,708.0	-	\$ 125.00	\$ 213,500.00	-	\$ -	\$ 213,500.00	
DIRECTORS	3,194.0	3,194.0	-	\$ 275.00	\$ 878,350.00	(82.5)	\$ (22,687.50)	\$ 855,662.50	
ENGINEERS	1,083.5	1,083.5	-	\$ 160.00	\$ 173,360.00	-	\$ -	\$ 173,360.00	
FIELD SUPERVISOR	2,016.5	2,016.5	-	\$ 160.00	\$ 322,640.00	-	\$ -	\$ 322,640.00	
FIELD TECH	186.0	186.0	-	\$ 195.00	\$ 36,270.00	-	\$ -	\$ 36,270.00	
TRAINERS	56.0	56.0	-	\$ 200.00	\$ 11,200.00	-	\$ -	\$ 11,200.00	
MANAGER	4,516.5	4,516.5	-	\$ 200.00	\$ 903,300.00	(220.5)	\$ (44,100.00)	\$ 859,200.00	
SENIOR ANALYST	1,991.5	1,991.5	-	\$ 160.00	\$ 318,640.00	(128.0)	\$ (20,480.00)	\$ 298,160.00	
SENIOR DIRECTOR	791.0	791.0	-	\$ 300.00	\$ 237,300.00	-	\$ -	\$ 237,300.00	
SENIOR MANAGER	1,000.0	1,000.0	-	\$ 210.00	\$ 210,000.00	(8.0)	\$ (1,680.00)	\$ 208,320.00	
VICE PRESIDENT	2,889.0	2,889.0	-	\$ 325.00	\$ 938,925.00	(126.0)	\$ (40,950.00)	\$ 897,975.00	
* Rates confirmed and validated as per Annex V of the O&M Agreement					<b>TOTAL</b>	<b>\$ 4,284,035.00</b>	<b>(625.0) \$ (133,197.50)</b>	<b>\$ 4,150,837.50</b>	

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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 September. 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	30 days	\$ 5,000,000	OK

Based on Eclipse Management's calculation, this amount is correct and was approved for disbursement to LUMA on October 30, 2020.

## 5.3. PASS-THROUGH COSTS & EXPENSES

As per Section 4.6 (b) (iv) of the O&M Agreement, the Pass-Through Costs & Expenses were included in the September invoice.

The Pass-Through Cost & Expenses were validated with data provided by LUMA. On October 26 through Nov. 18, 2020, Eclipse Management verified the submitted invoices. 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 invoice, LUMA detailed was provided by LUMA to be incorporated in the monthly report, such as 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. OCTOBER 23, 2020 RECOMMENDATIONS

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

Recommendations:

- Release the payment of the September 2020 FETS Fixed Fee (\$5,000,000)
- Release a partial September 2020 Labor payment of (\$4,150,837.50)
- **Eclipse Management** recommends confirming if overtime is contemplated in the O&M Agreement
- Pending Labor balance (\$133,197.50) is under P3A review
- Pass-Through Costs & Expenses still under review

SEPTEMBER INVOICE VALIDATION rev.10.21.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0920-01	\$ 4,284,035.00	\$ 5,000,000	\$ 5,189,724.68	\$ 14,473,759.68
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 10/21/2020	\$ 4,150,837.50	\$ 5,000,000	\$ -	\$ 9,150,837.50
AMOUNT UNDER REVIEW				
Amount under review	\$ (133,197.50)	\$ -	\$ -	\$ (133,197.50)

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## 8. CONCLUSIONS AND RECOMMENDATIONS

### 8.1. NOVEMBER 18, 2020 RECOMMENDATIONS

Based on the findings identified in the previous sections, and the fact that the O&M Agreement does not establish a maximum amount of hours to be worked by each employee, LUMA's September 2020 Invoice is Approved.

Recommendations:

- Release the September 2020 Pass-Through Costs & Expenses payment of (\$4,902,117.28).
- Release a final September 2020 Labor payment of (\$133,197.50).

SEPTEMBER INVOICE VALIDATION rev.11.18.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-0920-01	\$ 4,284,035.00	\$ 5,000,000	\$ 5,189,724.68	\$ 14,473,759.68
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 10/21/2020	\$ 4,150,837.50	\$ 5,000,000	\$ -	\$ 9,150,837.50
New Recommended Disbursement 11/18/2020	\$ 133,197.50	\$ -	\$ 4,902,117.28	\$ 5,035,314.78
AMOUNT REJECTED				
Amount rejected Pass-Through Costs & Expenses	\$ -	\$ -	\$ (287,607.40)	\$ (287,607.40)