

# Monthly Reports

# **FETS 0007 October 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-0007  
Date: November 24, 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 October 2020	\$5,000,000.00
	\$5,000,000.00

**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**

November 24, 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 – October 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 October 2020 (the “**October 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 October Invoice (the “**October Invoice Validation Report**”).

Based on both the review of the P3 Authority and Eclipse Management of the October Invoice, 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 October 2020 (the “**October Supporting Documentation**”). The October Supporting Documentation has not yet been received.

Accordingly, the P3 Authority has approved payment to LUMA of the Front-End Transition Service Fixed Fee component of the October Invoice. To this end, we kindly ask that PREPA disburse funds in the amount of US \$5,000,000.00 to be paid to LUMA.





## GOVERNMENT OF PUERTO RICO

### Puerto Rico Public-Private Partnerships Authority

The balance of the October Invoice will be paid to LUMA once the P3 Authority has received and has had time to conduct its review of the October Labor, Pass-Through Costs & Expenses and Supporting Documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fermín E. 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:** 11.23.2020

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

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

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



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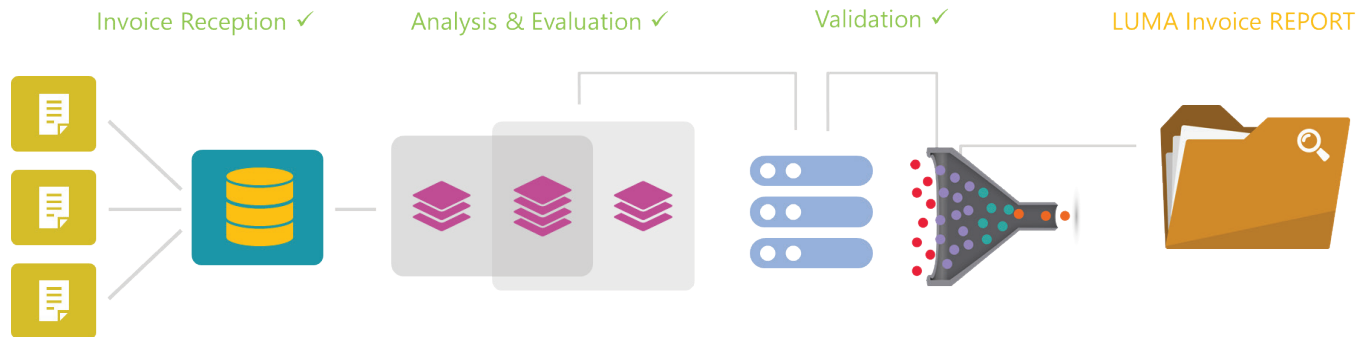
## Version Control

Date	Author	Description	Approved
11.23.20	Eclipse	1.0 - Initial Version with Fixed Fee Validation	C.LLACER

October 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 4 / 14
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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 October 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

October 2020 LUMA Invoice Validation	Project PR T&D System O&M	Page 7 / 14
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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	✓	November 10, 2020
INVOICE NUMBER	✓	FETS-1020-01
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)	✓	11/10/2020	12/10/2020	LUMA Energy
		✓	11/10/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	11/10/2020	12/10/2020	LUMA Energy
		✓	11/10/2020	12/10/2020	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)	✓	11/10/2020	12/10/2020	LUMA Energy
		✓	11/10/2020	12/10/2020	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)	✓	11/4/2020	2/2/2021	LUMA Energy
		✓	10/29/2020	1/27/2021	LUMA Energy ServCo
2	All Concepts Debt Certification	✓	11/4/2020	2/2/2021	LUMA Energy
		✓	10/29/2020	1/27/2021	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)	✓	11/10/2020	2/8/2021	LUMA Energy
		✓	11/10/2020	2/8/2021	LUMA Energy ServCo
2	Employer Registration Certificate and chauffeur's social security debt certification	✓	11/10/2020	2/8/2021	LUMA Energy
		✓	11/10/2020	2/8/2021	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	✓	11/10/2020	12/10/2020	LUMA Energy
		✓	11/10/2020	12/10/2020	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 October 2020 FET Fixed Fee.



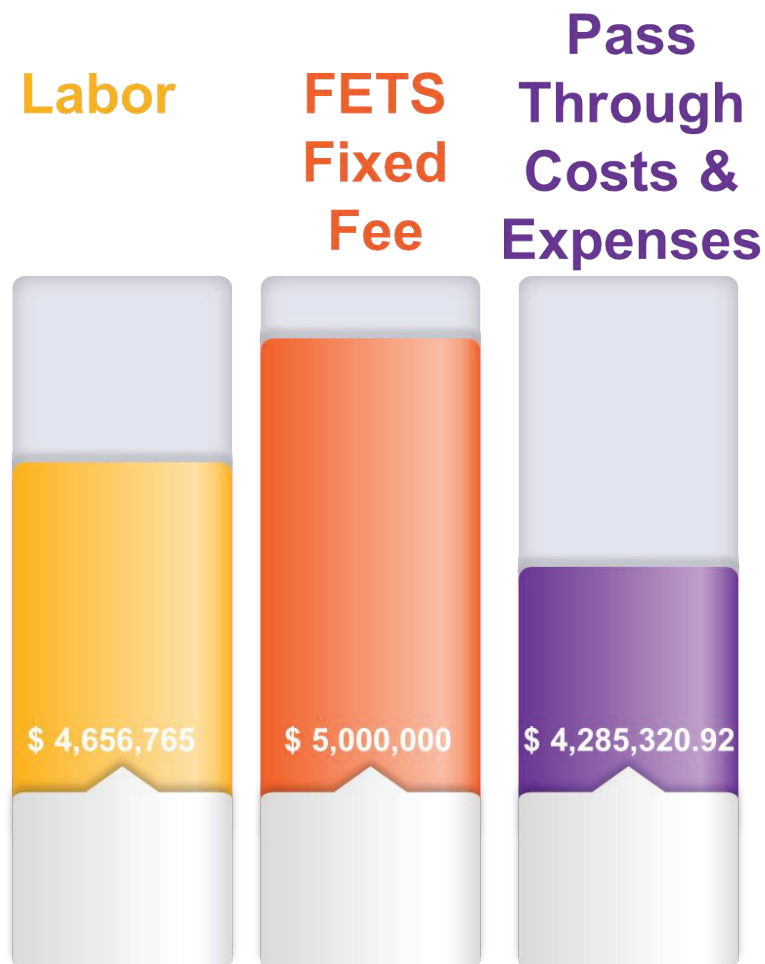
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## 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA's October 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 November 13, 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.

Additional detail regarding the Labor part is required. Such request has already been made to LUMA. 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.

## 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 October. 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 should be approved for disbursement to LUMA.

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### 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 October invoice.

The Pass-Through Costs & Expenses validation process has not been performed yet. The documentation was uploaded into the VDR on November 13, 2020.

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.

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## 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. NOVEMBER 23, 2020 RECOMMENDATIONS

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

Recommendations:

- Release the payment of the October 2020 FETS Fixed Fee (\$5,000,000).
- Labor validation is pending additional documentation from LUMA.
- Pass-Through Costs & Expenses has not yet been validated.

OCTOBER INVOICE VALIDATION rev.11.23.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-1020-01	\$ 4,656,765.00	\$ 5,000,000.00	\$ 4,285,320.92	\$ 13,942,085.92
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 11/23/2020	\$ -	\$ 5,000,000.00	\$ -	\$ 5,000,000.00
AMOUNT UNDER REVIEW				
Amount under review	\$ -	\$ -	\$ -	\$ -
PENDING BALANCE				
Validation Process in Progress with LUMA	\$ 4,656,765.00	\$ -	\$ 4,285,320.92	\$ 8,942,085.92

**FETS 0009  
October 2020  
Pass Through Costs  
& 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-0009  
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 October 2020	\$4,656,765.00
Front-End Transition Services Pass-Through Costs & Expenses October 2020	\$4,160,685.06
	\$8,817,450.06

**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 – October 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).*







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

Based upon both the review of the P3 Authority and Eclipse Management of the October Invoice, and pursuant to Section 4.6(d)(ii) of the O&M Agreement, the P3 Authority requested from LUMA additional documentation supporting LUMA's Pass-Through Costs & Expenses for October 2020 (the “**October Supporting Documentation**”). The October Supporting Documentation was received reviewed, and evaluated.

Based on the October Invoice review, the P3 Authority has approved payment to LUMA of the Front-End Transition Labor component of the October Invoice. The P3 Authority has also approved payment to LUMA, of the Pass-Through Costs and Expenses component of the October Invoice. To this end, we kindly ask that



# GOVERNMENT OF PUERTO RICO

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## Puerto Rico Public-Private Partnerships Authority

PREPA disburse funds in the amount of US \$8,817,450.06 to be paid to LUMA for the work described in the October 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:** 11.30.2020

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

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

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

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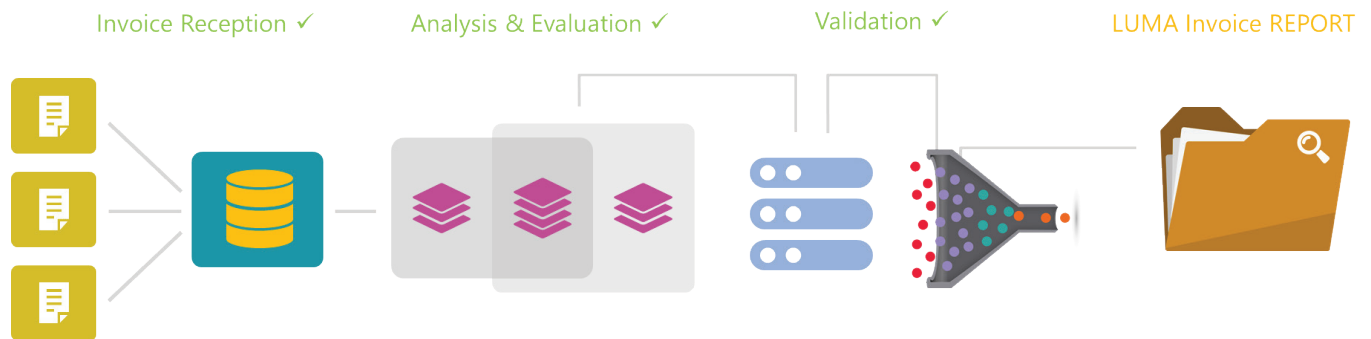
## Version Control

Date	Author	Description	Approved
11.23.20	Eclipse	1.0 - Initial Version with Fixed Fee Validation	C.LLACER
11.30.20	Eclipse	2.0 Initial Version with Labor and Pass-Through Cost & Expenses validation	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 October 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
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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

October 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 mentioned above.

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BILL TO	✓	Submitted to P3 and to be PAID by PREPA
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INVOICE NUMBER	✓	FETS-1020-01
TERMS	✓	Net 30
NON-INTEREST CLAUSE	✓	Non-interest certification clause included

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

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		✓	11/10/2020	2/15/2021	LUMA Energy ServCo
2	Certification of No Debt (Model SC 6096)	✓	11/10/2020	12/10/2020	LUMA Energy
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		✓	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)	✓	11/10/2020	12/10/2020	LUMA Energy
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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					
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		✓	10/29/2020	1/27/2021	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)	✓	11/10/2020	2/8/2021	LUMA Energy
		✓	11/10/2020	2/8/2021	LUMA Energy ServCo
2	Employer Registration Certificate and chauffeur's social security debt certification	✓	11/10/2020	2/8/2021	LUMA Energy
		✓	11/10/2020	2/8/2021	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	✓	11/10/2020	12/10/2020	LUMA Energy
		✓	11/10/2020	12/10/2020	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 October 2020 FET Fixed Fee which was approved by P3A on November 23, 2020.

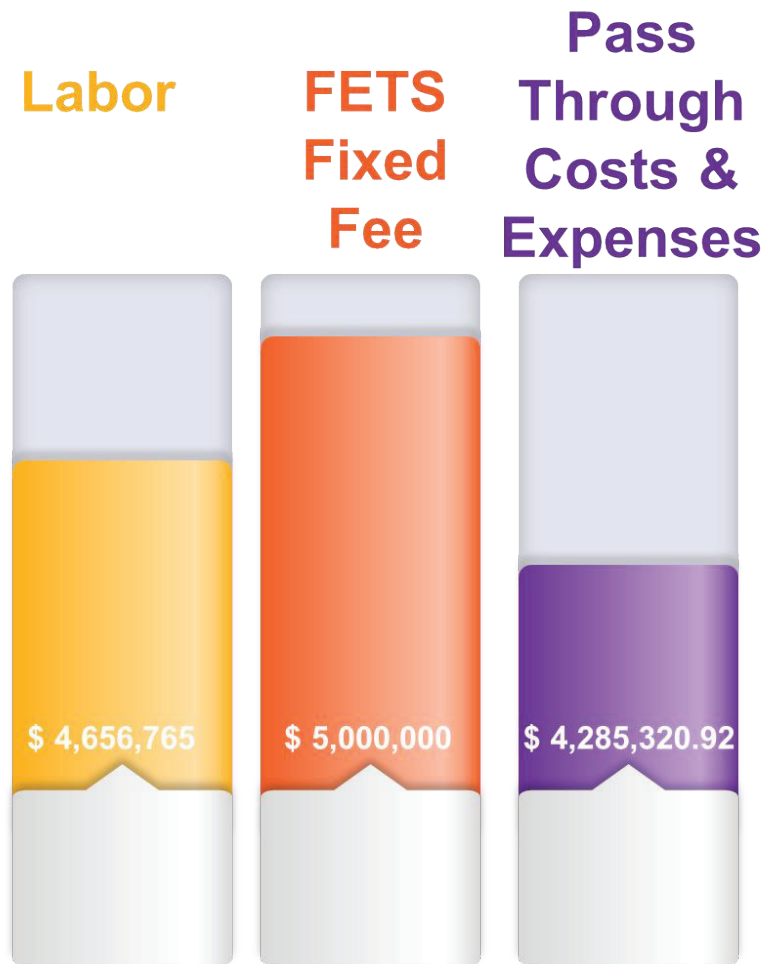
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# 5. FEES & SUPPORTING DOCUMENTS

The fees section of LUMA’s October 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 Annex V the O&M Agreement.

LUMA uses a "Web Based Tool" that registers the employees Timesheets. On November 23, 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 OCTOBER INVOICE						
Position	Hours Invoiced	Hours Validated	Difference Identified	* Rate per Position	Amount	Comments
ADMINISTRATIVE SUPPORT	776.5	776.5	-	\$ 50.00	\$ 38,825.00	<p>1. Eclipse was able to correctly validate the total of October labor hours by employee categories and their respective rates.</p> <p>2. Eclipse identified that LUMA correctly deducted 29 hours from Director position related to Management Engineering Assets task that did not corresponded in previous September invoice (FETS 0920-01).</p>
ANALYST	2,075.0	2,075.0	-	\$ 125.00	\$ 259,375.00	
DIRECTORS	3,530.5	3,559.5	29.0	\$ 275.00	\$ 970,887.50	
ENGINEERS	1,023.5	1,023.5	-	\$ 160.00	\$ 163,760.00	
FIELD SUPERVISOR	2,075.0	2,075.0	-	\$ 160.00	\$ 332,000.00	
FIELD TECH	272.0	272.0	-	\$ 195.00	\$ 53,040.00	
TRAINERS	200.0	200.0	-	\$ 200.00	\$ 40,000.00	
MANAGER	4,712.5	4,712.5	-	\$ 200.00	\$ 942,500.00	
SENIOR ANALYST	1,925.5	1,925.5	-	\$ 160.00	\$ 308,080.00	
SENIOR DIRECTOR	629.5	629.5	-	\$ 300.00	\$ 188,850.00	
SENIOR MANAGER	1,588.5	1,588.5	-	\$ 210.00	\$ 333,585.00	
VICE PRESIDENT	3,156.5	3,156.5	-	\$ 325.00	\$ 1,025,862.50	
* Rates confirmed and validated as per Annex V of the O&M Agreement					<b>TOTAL</b>	<b>\$ 4,656,765.00</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 October. 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 to LUMA on November 23, 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 October invoice.

The Pass-Through Costs & Expenses were validated with data provided by LUMA. From November 13 through Nov. 25, 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 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. NOVEMBER 23, 2020 RECOMMENDATIONS

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

Recommendations:

- Release the payment of the October 2020 FETS Fixed Fee (\$5,000,000)
- Labor is under review
- Pass-Through Costs & Expenses is under review

OCTOBER INVOICE VALIDATION rev.11.23.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-1020-01	\$ 4,656,765.00	\$ 5,000,000.00	\$ 4,285,320.92	\$ 13,942,085.92
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 11/23/2020	\$ -	\$ 5,000,000.00	\$ -	\$ 5,000,000.00
AMOUNT UNDER REVIEW				
Amount under review	\$ -	\$ -	\$ -	\$ -
PENDING BALANCE				
Validation Process in Progress with LUMA	\$ 4,656,765.00	\$ -	\$ 4,285,320.92	\$ 8,942,085.92

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## 8. CONCLUSION & RECOMMENDATIONS

### 8.1. NOVEMBER 30, 2020 RECOMMENDATIONS

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

Recommendations:

- Release the October 2020 Labor payment of (\$4,656,765.00).
- Release the October 2020 Pass-Through Costs & Expenses payment of (\$4,160,685.06).

OCTOBER INVOICE VALIDATION rev.11.30.2020				
Concept	Labor	FETS Fixed Fee	Pass-Through Costs & Expenses	Total
Inv. FETS-1020-01	\$ 4,656,765.00	\$ 5,000,000.00	\$ 4,285,320.92	\$ 13,942,085.92
RECOMMENDED DISBURSEMENT				
Recommended Disbursement 11/23/2020	\$ -	\$ 5,000,000.00	\$ -	\$ 5,000,000.00
Recommended Disbursement 11/30/2020	\$ 4,656,765.00	\$ -	\$ 4,160,685.06	\$ 8,817,450.06
AMOUNT REJECTED				
Amount rejected Pass-Through Costs & Expenses	\$ -	\$ -	\$ (124,635.86)	\$ (124,635.86)