

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

NEPR Received: Apr 26, 2021 10:22 PM

IN RE: REVIEW OF LUMA'S
INITIAL BUDGETS

CASE NO. CEPR-MI-2021-0004

SUBJECT: Clarification on Initial Budgets and
Shared Services.

**MOTION SUBMITTING CLARIFICATION ON INITIAL BUDGETS AND
SHARED SERVICES**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”), (jointly referred to as “LUMA”), and respectfully state and request the following:

1. On April 22, 2021, in compliance with a Resolution and Order issued by this honorable Puerto Rico Energy Bureau (“Energy Bureau”), LUMA filed the PREPA Generation Budget. *See* Exhibit 1 to April 22nd Motion.

2. The April 22nd Motion included the PREPA Generation Budget (“GenCo Budget”) before shared services for \$210.0 million (Operation and Capital Expenditures). *Id.*

3. The GenCo Budget of \$210.0 million is aligned with LUMA’s proposed allocation of the same in Schedule 5.1, line 9, of the proposed Initial Budgets filed on February 24, 2021, that included \$210.0 million for Operation and Capital Expenditures.

4. In Exhibit 1 to this Motion, LUMA is submitting a clarification to Initial Budgets in the form of a table that includes a detailed breakdown of the shared services costs that were included in the proposed Initial Budget at Schedule 5.2 line 19, Schedule 5.1 line 10, and Table 4-6.

5. The table submitted as Exhibit 1 to this Motion provides additional details of the components of LUMA's proposed allocation for payment of shared services. The table includes a breakdown per categories of services as well as explanatory comments for each type of services. Furthermore, the table details the costs for GenCo Services, which are the services to be provided in support of GenCo, excluding Generation operating expenses and non-federally funded capital expenditures; the services Transferred to PREPA which are services that LUMA cannot provide and that are transferred to PREPA; and the Shared Services.

6. The sum total for shared services included in Exhibit 1 is aligned with LUMA's proposed allocation in Initial Budgets of: \$79.6 for GenCo Services, *see* Initial Budgets Table 4-6; \$78.1 million for Shared Services with the 2% reserve for excess expenditures, *see* Schedule 5.1, line 10 of Initial Budgets; and \$76.6 million in Schedule 5.2, line 19 of Initial Budgets for Shared Services, excluding the 2% reserve for excess expenditures.

7. It is respectfully informed that the \$3.1 million for Services Transferred to PREPA were budgeted by LUMA within the \$232.8 million of PREPA costs (\$210 million of PREPA GenCo Budget plus \$22.8 million of PREPA Legacy), included in Schedule 5.1 of Initial Budgets, lines 9 and 13. These services include environmental oversight and safety.

8. PREPA's proposed \$210 million Generation Budget and the proposed \$78.1 million of Shared Services total \$288.1 million. This total is aligned with LUMA's proposed Initial Budgets that at Schedule 5.1, line 11, include a total Generation Budget of \$288.1 million.

WHEREFORE, LUMA respectfully requests that this Bureau **take notice and accept** the aforementioned clarification to LUMA's proposed Initial Budgets.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 26th day of April 2021.

I hereby certify that I filed this motion using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this motion to the attorneys for PREPA, Joannely Marrero-Cruz, jmarrero@diazvaz.law; and Katuska Bolaños-Lugo, kbolanos@diazvaz.law.



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Exhibit 1

Shared Services
(In \$ millions)

	GenCo Services*	Transferred to PREPA**	Shared Services	Shared Services Comments
Labor	12.7	2.6	10.1	Internal labor for corporate services, procurement, HR, IT OT, and operational activities
Property & Casualty Insurance	41.3	0.0	41.3	Commercial insurance premiums (incl. boiler & machinery) and management of insurance program
Security	10.2	0.0	10.2	Third party security services
IT Service Agreements	7.6	0.0	7.6	Third party IT services
Utilities & Rents	3.7	0.2	3.5	Utilities for generation not currently in generation plant budgets
Other	4.1	0.3	3.8	Non-labor shared services including treasury, accounting, HR, materials and fleet management, testing
Shared Services Total	79.6	3.1	76.6	See Shared Services in Schedule 5.2 line 19
2% Reserve for Excess Expenditures			1.5	
Shared Services with Excess Expenditures			78.1	See Shared Services in Schedule 5.1, line 10

* Estimated services performed in support of GenCo (not included in Generation operating expenses and non-federally funded capital expenditures).

** Services transferred to PREPA and budgeted by LUMA within \$232.8 million of PREPA controlled costs (\$210 million of Generation Budget [Line 9 of Schedule 5.1] + \$22.8 million of PREPA Legacy [Line 13 of Schedule 5.1])