

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

NEPR Received: Jun 8, 2021 12:53 PM
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IN RE: REVIEW OF LUMA’S INITIAL BUDGETS

CASE NO. NEPR-MI-2021-0004

SUBJECT: Clarification or Amendment of May 31st Resolution and Order Approving LUMA’s Initial Budgets.

**REQUEST FOR CLARIFICATION OR AMENDMENT OF MAY 31ST RESOLUTION
AND ORDER APPROVING LUMA’S INITIAL BUDGETS**

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 February 24, 2021, LUMA filed before this Honorable Puerto Rico Energy Bureau (“Bureau”) a Petition for Approval of Initial Budgets and Related Terms of Service (“Initial Budgets Petition”), pursuant to Act 57-2014, as amended by Act 17-2019, to the Rate Case proceeding conducted by this Bureau in Case No. CEPR-AP-2015-0001 (“2017 Rate Case”), and per LUMA’s obligations under Section 4.2 (e) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement dated as of June 22, 2020, by and among the (“Puerto Rico Electric Power Authority (“PREPA”), the Puerto Rico Public-Private Partnerships Authority (“P3 Authority”) (“OMA”).

2. Exhibit 1 to LUMA’s Initial Budgets Petition included LUMA’s proposed Initial Budgets (“Initial Budgets”). LUMA’s Initial Budgets included a requested budget for Fiscal Year 2022 and forecasts for Fiscal Year 2023 and Fiscal Year 2023. *See* Initial Budgets, Section 3.0 at page 41.

3. At page 41 of LUMA’s Initial Budgets, LUMA requested that the Bureau approve the Initial Budgets in a manner to allow LUMA to begin operations in June 2021.

4. Importantly, at page 42 of LUMA’s Initial Budgets, LUMA requested the following:

To facilitate LUMA commencing O&M Services on June 1, 2021, LUMA proposes that the remaining month of operations in fiscal year 2021 would be: based on the [Financial, Oversight and Management Board for Puerto Rico] FOMB Certified 2020 Fiscal Plan; and for the fiscal 2021 Forecast the greater of either the certified Fiscal Plan pro-rated to reflect the appropriate service commencement, or the remaining certified budget.

5. Moreover, in Table 3-3 at page 43 of LUMA's Initial Budgets, LUMA outlined its request for approval of the proposed budget for the first month of operations from June 1, 2021 until June 30, 2021, based on the 2020 Fiscal Plan budget certified by the FOMB for PREPA and equivalent to one pro-rated month of PREPA's certified budget for Fiscal Year 2021 (1/12 of the annual budget certified in the 2020 Fiscal Plan). *See id.* at pages 42-43; *see also id.*, Executive Summary at page 3.

6. Pursuant to the procedural calendar set by this honorable Bureau in a Resolution and Order dated April 20, 2021 ("April 20th Resolution and Order"), the Bureau conducted a three-day technical conference from May 3rd to May 5th, 2021, where LUMA representatives offered testimonies in support of the Initial Budgets Petition and answered questions from Commissioners and Bureau consultants. Thereafter, on May 7, 2021, LUMA filed additional information and responses to requests for additional information, *see* May 7th, 2021 *Motion in Compliance with Order Submitting Additional Information and Supplemental Responses to Questions Posed in Technical Conference and Submitting Clarifications*. The Bureau also held a virtual-public hearing on May 12th and 13th, 2021 as scheduled in the April 20th Resolution and Order.

7. On May 31st, 2021, this honorable Bureau issued and published a Resolution and Order approving LUMA's Initial Budgets ("May 31st Initial Budgets Order"). In a considered Resolution and Order, this honorable Bureau approved the Initial Budgets. Among others, the Bureau issued the following findings:

- a. LUMA's three-phased approach to identify needs, develop and prioritize the programs necessary to achieve system remediation and transformation, and subsequent bottoms up approach to develop its Initial Budgets is reasonable and appropriate, *see* May 31st Resolution and Order at page 14;

- b. The budget allocations for activities, including vegetation management, personal protective equipment and worker’s safety, and emergency preparedness and response are reasonable, *id.* at pages 14-18;
- c. LUMA’s Initial Budgets appropriately identify, prioritize, and sequence capital and operational expenditures to improve reliability and resiliency of the Puerto Rico power system, *id.* at pages 18-20;
- d. LUMA’s Initial Budgets do not increase the overall revenue requirements and, therefore, no change is required to the existing base rates or the current rate structure approved in the 2017 Rate Order, *id.* at page 25;
- e. LUMA’s Initial Budgets comply with the 2017 Rate Order, *id.* at page 35;
- f. The proposed plan for activities that LUMA intends to fund with federal Public Assistance (“PA”) is reasonable on a short term-basis, *id.* at page 29;
- g. The proposed budget allocations for activities that will bring the electric system in compliance with national codes and standards and the corresponding allocations are reasonable and take effective advantage of the new dispositions of Section 428 of the Stafford Act resulting from the Bipartisan Budget Act of 2028, PL 115-123 (115th Congress). *id.* at page 30;
- h. The Initial Budgets are appropriate to accomplish the goals of providing effective remediation and transformation of Puerto Rico’s electric system, *id.* at page 35; and
- i. LUMA’s Initial Budgets appropriately address the ongoing Title III procedures, *id.*, at page 35.

8. At page 35 of the May 31st Initial Budgets Order, this Bureau approved the 2022 Fiscal Year Initial Budget. The Bureau, however, did not specifically mention or approve LUMA’s proposed budget for the first month of operation, to wit, June 2021.¹

9. As stated in paragraphs 4 and 5 *supra*, in addition to requesting approval of the proposed Initial Budget for Fiscal Year 2022, LUMA’s Initial Budgets included at pages 42 and 43 and Table 3-3, a request for approval of the budget for the first month of operations based on the 2020 Fiscal Plan budget

¹Relatedly, at page 4 of the May 31st Initial Budgets Order, this honorable Bureau applied a limited reading of LUMA’s Initial Budgets to state that LUMA “only s[ought] approval for the annual budget for Fiscal Year 2022(“FY 2022”) which begins on July 1, 2021 and concludes on June 30, 2022.”

approved by the FOMB for PREPA. LUMA respectfully understands that the omission from the May 31st Initial Budgets Order of the June 2021 proposed budget was involuntary and may be corrected.

10. LUMA respectfully requests that the Energy Bureau amend the May 31st Initial Budgets Order to include approval of the proposed budget for the month of June 2021, which is the first month of LUMA's operations. Because said proposal, included at pages 3, 42 and 43 of the Initial Budgets is compliant with the 2020 Fiscal Plan budget certified by the FOMB for PREPA, and considering that LUMA must comply with the 2020 Fiscal Plan as certified, it does not increase the overall revenue requirements and, therefore, no change is required to the existing base rates or the current rate structure approved in the 2017 Rate Order.

WHEREFORE, LUMA respectfully requests that the Bureau **take notice** of the aforementioned, and **amend** the May 31st Initial Budgets Order to **include approval** of LUMA's proposed budget for the month of June 2021, as requested by LUMA at pages 3, 42 and 43 of the Initial Budgets.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 8th day of June 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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