

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

NEPR

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IN RE:

REVIEW OF LUMA'S INITIAL BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Request for Modification of Fiscal Year
2022 Budget.**

**REQUEST FOR MODIFICATION OF APPROVED BUDGET FOR FISCAL
YEAR 2022**

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, 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. *See* Initial Budgets, Section 3.0 at page 41.

3. In Section 2.2 of LUMA’s Initial Budgets, LUMA outlined the key assumptions and basis of Initial Budgets. *Id.* at pages 32-35, including that Title III related costs were based on estimates provided in the 2020 PREPA Fiscal Plan and relied on the assumption that PREPA was expected to exit Title III by December 31, 2021. *Id.* at page 33. LUMA also explained that bankruptcy and advisor costs were confirmed with the applicable entity and were consistent with the amounts certified by the Financial Oversight and Management Board for Puerto Rico (“FOMB”) in the 2020 PREPA Fiscal Plan, unless updated by applicable entities. *Id.* LUMA further explained that the Initial Budgets were prepared in a point in time and “they cannot reasonably contemplate further information that may arise in the future” *Id.*

4. Regarding forecasts on load, fuel, purchased power, Contribution in Lieu of Taxes (“CILT”) and subsidies, LUMA explained that the Initial Budgets included methodologies used in the 2020 PREPA Fiscal Plan, as certified by the FOMB. *Id.* at 34. As explained in LUMA’s Initial Budgets “[f]orecasts were updated based on updated actual load data for the period between June 2020 and development of the forecasts in December 2020. Specifically, load, Fuel & Purchased Power, CILT, and Subsidies forecasts [were] compiled using the same process, macroeconomic and generation assumptions as the last fiscal plan and reflect the Modified Action Plan as approved by PREB on August 24, 2020, in the Final Resolution and Order on the IRP, reflecting subsequent delays in renewable procurement.” *Id.*; *see also* Initial Budgets, Section 3.2.3 at page 44 (“Updated Load Forecast”) (“The updated load forecast was provided by PREPA using a consistent methodology to the information provided in the 2020 PREPA Fiscal Plan, as certified by the FOMB on June 29, 2020. . . .”).

5. On July 2, 2021, LUMA filed an informative motion (“July 2nd Informative Motion”) apprising this honorable Bureau that it would be necessary to request revisions to the Budget for Fiscal Year 2022 that was approved on May 31, 2021 (“FY 2022 Approved Budget”), to conform it to the base rate revenue requirement set in the Puerto Rico Electric Power Authority’s (“PREPA”) 2021 Fiscal Plan and Budget for the Year 2022, as certified by the FOMB.

6. In the July 2nd Informative Motion, LUMA stated that it could file the requested revision to the FY 2022 Approved Budget on or before July 14th. The process to complete the submission of a proposed revised FY 2022 Approved Budget took longer than expected and thus LUMA was not able to complete the same by July 14th. LUMA respectfully files the submission near the date originally proposed and requests leave from the Energy Bureau to accept the filing.

7. In Exhibit A to this Motion, LUMA explains the need to revise the FY 2022 Approved Budget to conform it to the FOMB’s Revised Certified Budget for Fiscal Year 2022, of July 1, 2021 and that is submitted as Exhibit B to this Motion. **The resulting impacts do not result in increased rates.**

8. As explained in Exhibit A, the relevant impact on the FY 2022 Approved Budget is an increase in the base rate revenue requirement limit. Rates are not subject to increase nor is there need to revise the base rate requirement or the rate structure set by the Energy Bureau in the Resolution and Order issued by the Energy Bureau in Case CEPR-AP-2015-0001 (“2017 Rate Order”).

9. The need for the requested revisions arises out of the following changed circumstances: (1) revised macro-economic assumptions resulting in increased PREPA

projected sales for Fiscal Year 2022 and increases in fuel and purchased power, CILT, subsidies, and bad debts; (2) a change in the PREPA Title III Exit assumption of June 30, 2022; and (3) additional budgeted expenditures at PREPA Legacy and GenCo. In Exhibit A, LUMA provides its analysis on these changes and outlines their impact on the FY 2022 Approved Budget. **LUMA is not applying for an increase to operating expenditures, nor Capital – Non-Federally Funded and Capital – Federally Funded costs.**

10. Exhibit A also includes a summary of the modification requested, *see* Exhibit A at page 1, and a summary of the differences compared to the FY 2022 Approved Budget, *id.* at page 2.

11. Finally, Exhibit C to this Motion includes revised Schedules 5.1, 5.3 and 5.6 for Fiscal Year 2022 to LUMA's Initial Budgets.

WHEREFORE, LUMA respectfully requests that the Bureau **take notice** of the aforementioned and **approve a revised** FY 2022 Budget in accordance with the revisions identified and explained in Exhibit A to this Motion.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 16th day of July 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 Katiuska Bolaños-Lugo, kbolanos@diazvaz.law.



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Exhibit A
Modification of Approved Fiscal Year 2022, Initial Budgets

Initial Budgets

On May 31, 2021 within its Resolution and Order in Case No. NEPR-MI-2021-0004, the Energy Bureau approved the Fiscal Year 2022 of LUMA's Initial Budgets. On July 1, 2021, the Financial Oversight and Management Board (FOMB), issued the Fiscal Year 2022 Revised Budget to the Governor.

As stated in the letter filed July 2, 2021, LUMA has noticed inconsistencies between the May 31, 2021 Energy Bureau Fiscal Year 2022 approved Initial Budgets and the July 1, 2021 FOMB Revised Certified Budget for Fiscal Year 2022, as summarized in Exhibit B.

While PREPA is within Title III, FOMB oversight is defined in the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) federal law. Specifically Section 201(a) states “...the Oversight Board shall deliver a notice to the Governor providing a schedule for the process of development, submission, approval and certification of Fiscal Plans” and “...revisions must be subject to subsequent approval and certification by the Oversight Board.” PROMESA therefore requires that all government budgets, including PREPA's, match FOMB's certified fiscal plans.

Upon review, these inconsistencies originate from:

- Updated macro-economic assumptions resulting in increased PREPA projected sales for Fiscal Year 2022, and increases in fuel and purchased power, CILT and subsidies, and bad debts;
- PREPA Title III exit assumption of June 30, 2022, and
- Additional budgeted expenditures at PREPA Legacy and GenCo.

In order to maintain alignment with the updated PREPA Fiscal Plan, LUMA is requesting that the Energy Bureau approve a modification to the FY2022 budget. Please refer to the below table for a summary of modification requested.

Summary of Modification Requested (\$ in millions, or as otherwise indicated)

	Revised FY2022	Previously Approved FY2022	Variance	Comment
Forecasted Sales (GWh)	16,673	15,865	808	Change in macro-economic assumptions and increased PREPA Projected Sales
Revenues				
Expenditures Limit based on PREPA Forecast Sales	1,244	1,184	60	Increase due to PREPA Forecast Sales (GWh x \$0.0746/ kWh)
Costs				
Bad Debts	63	59	4	Due to higher PREPA Forecast Sales
FOMB Advisor Cost and LUMA Fees	140	121	19	Update for PREPA Title III Exit assumption of June 30, 2022
PREPA Legacy and Generation	327	310	16	Additional Budget Expenditures

Initial Budgets

The resulting impacts do not result in increased rates. The updated macro-economic assumptions increase the base rate revenue requirement limit by \$60 million which is partially offset by additional expenditures of \$39 million. The revised Fiscal Year 2022 total non-federally funded transmission & distribution and generation base rate expenditures per kWh is \$0.0733/kWh which is underneath the \$0.0747/kWh base rate limit as approved in the PREPA 2017 Rate Case. Please refer to Exhibit C, Revised Schedule 5.6 for further information.

A further summary of differences is presented below, to highlight revised information within the Fiscal Year 2022 Budget (as highlighted in yellow), which aligns to the FOMB certified PREPA 2021 Fiscal Plan.

Summary of Differences Compared to the Previously Approved FY2022 Initial Budgets (\$ million)

	Revised FY2022	Previously Approved FY2022	Variance
<i>Forecasted Sales (GWh)</i>	16,673	15,865	808
Fuel & Purchased Power	1,968	1,566	402
Fuel	1,400	767	633
Purchased Power	567	799	(232)
CILT & Subsidies	265	248	17
Transmission & Distribution	639	639	-
Operating Expenditures	515	515	-
Non-Federally Funded Capital	124	124	-
Generation	291	288	3
Other	293	256	37
Total	3,456	2,997	459

The above changes can be categorized into four groups:

1. **Updated Fuel and Purchased Power forecast** – this forecast is adjusted quarterly based on actual costs through the FCA and PPCA clauses as presented in NEPR-MI-2020-0001.
2. **Forecasted costs directly linked to updated macro-economic assumptions** – higher forecasted sales resulted in an increase in bad debt expenses.
3. **Costs from delayed Title III Exit** – these costs reflect a Title III Exit of June 2022 instead of December 2021.
4. **Increased PREPA Legacy and Generation costs** – these costs are a result of increased costs forecasted by PREPA.

LUMA is not applying for an increase to their operating expenditures, nor Capital – Non-Federally Funded and Capital – Federally Funded costs. There are no changes to LUMA's proposed activities for Fiscal Year 2022. Consequently, the Operating Expenditures presented in Schedule 5.2 and Improvement Program costs as presented in Schedules 5.4 and 5.5, and Appendix D of LUMA's February 24, 2021 Initial Budgets application and approved in the Bureau's May 31, 2021 Resolution & Order for Case No. NEPR-MI-2021-0004 remain unchanged.

Please refer to Exhibit C for applicable revised schedules for fiscal year 2022 including:

Initial Budgets

- Schedule 5.1 Initial Budgets Summary,
- Schedule 5.3 Other, and
- Schedule 5.6 2017 Rate Order Base Rate Revenue Requirement Limit Comparison.

Specifically, to assist the Bureau's review and approval, LUMA has prepared an analysis below of the following items:

1. Revised Macro-Economic Assumptions
2. PREPA Title III Exit Assumption
3. Expenditures Update

LUMA provides the following analysis and a request for a modification of the approved Fiscal Year 2022 for the Bureau's review and approval.

1. Revised Macro-Economic Assumptions

Available for the purposes of the FOMB Certified 2021 PREPA Fiscal Plan, updated macro-economic assumptions from the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF), resulted in increased PREPA Projected Sales as compared to the load forecast prepared in December 2020 which formed the basis of Initial Budgets. The increased projected sales are approximately 808 GWh resulting in an increase to LUMA's expenditures limit based on PREPA Projected Sales by approximately \$60 million (808 GWh x \$0.0747/kWh). Please refer to Exhibit C, Revised Schedule 5.6 for further information.

LUMA's understanding of the AAFAF-determined macro-economic assumptions includes:

- The macro-economic assumptions for the FOMB Certified 2020 PREPA Fiscal Plan were updated and provided on May 29, 2020 by AAFAF.
- At the time of preparation of LUMA's Initial Budgets filing, with the forecast developed in December 2020 and then subsequently filed within LUMA's Initial Budgets application on February 24, 2021, LUMA confirmed no updates had occurred to the previously used AAFAF macro-economic assumptions from the FOMB Certified 2020 PREPA Fiscal Plan.
- On April 27, 2021 AAFAF provided updated macro-economic assumptions for use in the 2021 PREPA Fiscal Plan, and the resulting impacts of these changes were subject to refinement throughout the FOMB certification of the 2021 PREPA Fiscal Plan and the Fiscal Year 2022 Revised Budget.

The impacts of the revised macro-economic assumptions certified by the FOMB within the Fiscal Year 2022 Revised Budget are provided in the following table:

Initial Budgets

Impacts from Revised Macro-Economic Assumptions - Differences Compared to the Previously Approved FY2022 Initial Budgets on Base Rates (\$ million)

	Revised FY2022	Previously Approved FY2022	Variance	Comment
Forecasted Sales (GWh)	16,673	15,865	808	Change in macro-economic assumptions and increased PREPA Projected Sales
Revenues				
Expenditures Limit based on PREPA Forecast Sales	1,244	1,184	60	Increase due to PREPA Forecast Sales (GWh x \$0.0746/ kWh)
Costs				
Bad Debts	63	59	4	Increased PREPA Forecast Sales

Impacts from Revised Macro-Economic Assumptions - Differences Compared to FY2022 Initial Budgets on Non-Base Rates (\$ million)

	Revised FY2022	Previously Approved FY2022	Variance
Forecasted Sales (GWh)	16,673	15,865	808
Non-Base Rate Adjustments			
Fuel and Purchased Power	1,968	1,566	402
Fuel	1,400	767	633
Purchased Power	567	799	(232)
CILT and Subsidies	265	248	17

As noted above, the updated Fuel and Purchased Power forecast is adjusted quarterly based on actual costs through the FCA and PPCA clauses as presented in NEPR-MI-2020-0001.

2. PREPA Title III Exit Assumption

LUMA based its assumption of the timing of the PREPA Title III exit based on the best available, credible information at the time of the preparation of the Initial Budgets.

At the time of preparation of the Initial Budgets, it was publicly disclosed that PREPA would exit Title III as of December 31, 2021, as evidenced within the FOMB's certified 2020 PREPA Fiscal Plan and news citations of FOMB statements. LUMA consistently applied this assumption within its Initial Budgets February 24, 2021 Filing and LUMA received confirmation during the preparation of its Initial Budgets filing from the FOMB on the associated bankruptcy and advisor costs.

As LUMA was not party to Title III exit conversations between FOMB and PREPA, only once the FOMB Certified 2021 PREPA Fiscal Plan was made publicly available, was the date assumption moved to June 30, 2022 by the FOMB of PREPA Title III exit.

Initial Budgets

Further, from LUMA's Initial Budget application filing on February 24, 2021, the subsequent responses to information requests filed on April 6, 2021, and the technical conference from May 3 to 5, 2021, LUMA was not aware of information which formally indicated that PREPA's title III exit would be postponed past the December 31, 2021 assumption.

As an example of publicly available information known during the time of the Initial Budgets proceeding, and in relation to the FOMB Amended Plan of Adjustment filed on March 8, 2021¹, there was no public indication of a change or delay of Title III exit, as evidence by the Weekly Journal's story on March 10, 2021 FOMB: Amended Plan of Adjustment a 'Major Milestone', where it stated "...*The amended plan, filed with the U.S. District Court for the District of Puerto Rico, provides a path to exit bankruptcy as early as **this calendar year** and creates a foundation for Puerto Rico's recovery and economic growth, according to the FOMB.*"²

LUMA further confirmed the above during the Initial Budget's technical conference, on Day 2, May 4, 2021, when LUMA representatives were questioned around timing of PREPA's Title III exit.

The resulting impacts of a June 30, 2022 PREPA Title III exit assumption certified by the FOMB within the Fiscal Year 2022 Revised Budget are provided in the table below:

Impacts from Title III Exit Assumption - Differences Compared to the Previously Approved FY2022 Initial Budgets (\$ million)

Costs	Revised FY2022	Previously Approved FY2022	Variance	Comment
FOMB Advisor Cost and LUMA Fees	140	121	19	Update for PREPA Title III Exit assumption of June 30, 2022
FOMB Advisor Costs	24	20	4	FOMB updated advisor costs for full year activities
LUMA Fees	115	101	14	Full year of interim period compliant to the T&D OMA, which specifies a \$115 million fixed fee

3. Other Expenditure Updates

The FOMB utilized certain Fiscal Year 2022 information which was different than what the Energy Bureau had approved within LUMA's Initial Budgets. The following is a summary of the other expenditure differences, and their associated impacts:

¹ https://drive.google.com/file/d/1CWIGUuYRpSHjX_BrQu7TBJpvTCdwbO88/view

² https://www.theweeklyjournal.com/business/fomb-amended-plan-of-adjustment-a-major-milestone/article_180b48b6-8115-11eb-8552-033f812ffa5f.html

Initial Budgets

Impacts from Other Expenditure Updates - Differences Compared to the Previously Approved FY2022 Initial Budgets (\$ million)

Costs	Revised FY2022	Previously Approved FY2022	Variance
Additional Expenditures (PREPA Legacy and Generation)	327	310	16
PREPA Legacy	36	23	13
Generation	291	288	3

The \$16 million additional expenditures are mainly a result of increased estimates of pension liabilities and increased employee benefits for PREPA Generation. These changes were made as a result of discussions between PREPA and FOMB. There are no changes to LUMA's activities, or the expenditures forecast for Fiscal Year 2022 impacting operating expenditures and capital budgets.

Exhibit B
Exhibit 1 PREPA Fiscal Year 2022 Compliant Budget
and Budgetary Resolutions Provisions

EXHIBIT 1: PUERTO RICO ELECTRIC POWER AUTHORITY FISCAL YEAR 2022
COMPLIANT BUDGET AND BUDGETARY RESOLUTIONS PROVISIONS

I. EXHIBIT 1 - BUDGET - REVENUES

PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
Basic Revenue	
Residential	408,335
Commercial	599,247
Industrial	125,033
Public Lighting	61,136
Agricultural	2,187
Others	2,242
Total	\$ 1,198,180
Fuel & Purchased Power	
Residential	801,016
Commercial	880,316
Industrial	243,460
Public Lighting	35,525
Agricultural	2,984
Others	4,507
Total	\$ 1,967,808
CILT	
Residential	32,058
Commercial	35,226
Industrial	9,745
Public Lighting	1,422
Agricultural	119
Others	180
Total	\$ 78,751
Subsidies	
Residential	75,642
Commercial	83,119
Industrial	22,995
Public Lighting	3,355
Agricultural	282
Others	426
Total	\$ 185,819
Total Gross Revenue	\$ 3,430,558
Other Income	30,914
Total Unconsolidated Revenue	\$ 3,461,472
Bad Debt Expense	(63,405)
CILT & Subsidies	(264,570)
Total Consolidated Revenue	\$ 3,133,498

II. EXHIBIT 1 BUDGET - EXPENSES (cont'd)

PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
A. Fuel & Purchased Power	
Fuel	1,400,351
Purchased Power - Conventional	480,166
Purchased Power - Renewable	87,291
Total Fuel & Purchase Power Expenses	\$ 1,967,808
B. GenCo - Operations & Maintenance Expenses	
Labor	
Salaries & Wages	30,554
Marginal Benefits (excl. Healthcare, Pension and Ch. Bonus)	3,578
Christmas Bonus	-
Pension Benefits - Employer Contribution	20,763
Healthcare Expense	4,995
Overtime Pay	9,660
Overtime Benefits	1,092
GenCo Temporary Operating Positions	1,535
GenCo Emergency Operating Positions	3,364
GenCo Security Personnel	1,171
Total GenCo Labor Operating Expenses	76,711
Non-Labor / Other Operating	
Materials & Supplies	18,000
Transportation, Per Diem, and Mileage	1,500
Security	10,444
Utilities & Rents	5,568
Professional & Technical Outsourced Services	5,000
Other Miscellaneous Expenses	12,000
Total GenCo Non-Labor / Other Operating Expenses	52,513
Shared Services Agreement Impact	55,800
Total GenCo Operating Expenses	185,023
Maintenance	
Generation	106,389
Total GenCo Maintenance Projects Expense	106,389
Federal Funding Cost Share	-
Total GenCo Operating & Maintenance Expenses	\$ 291,412

EXHIBIT 1 BUDGET - EXPENSES (cont'd)

PUERTO RICO ELECTRIC POWER AUTHORITY

\$ Thousand	FY22 Budget
<i>C. HoldCo - Operations Expenses</i>	
Labor	
Salaries & Wages	8,737
Marginal Benefits (excl. Healthcare, Pension and Ch. Bonus)	1,023
Christmas Bonus	-
Pension Benefits - Employer Contribution	5,937
Healthcare Expense	1,428
Overtime Pay	506
Overtime Benefits	58
Total HoldCo Labor Operating Expenses	17,690
 Non-Labor / Other Operating Expenses	
Materials & Supplies	166
Transportation, Per Diem, and Mileage	242
Retiree Medical Benefits	11,800
Utilities & Rents	1
Communications Expenses	2
Professional & Technical Outsourced Services	4,144
Other Miscellaneous Expenses	1,825
PREPA Restructuring & Title III	38,722
FOMB Advisor Costs allocated to PREPA	24,400
P3 Authority Transaction Costs	4,750
Total HoldCo Non-Labor / Other Operating Expenses	86,050
 Total HoldCo Operating Expenses	\$ 103,740
<i>D. GridCo - Operating & Maintenance Expenses</i>	
GridCo Labor Operating Expenses	217,118
GridCo Non-Labor / Other Operating Expenses	352,089
Operator Service Fees	115,131
2% Reserve	10,290
Maintenance Projects Expenses	124,101
Shared Services Agreement Impact	(54,706)
Total GridCo Operating & Maintenance Expenses	\$ 764,024
 Total Operating & Maintenance Expenses	\$ 3,126,984
Surplus / (Deficit) Before Legacy Pension and Debt Obligations	6,514

EXHIBIT 1 (cont'd)

III. ENFORCEMENT OF THE PUERTO RICO ELECTRIC POWER AUTHORITY FY22 BUDGET

Section 2.- All expenditures authorized in any prior fiscal year are terminated and no disbursement of public funds may be covered by such expenditure authorization, except: (1) expenditures to carry out capital improvements that have been accounted for and kept on the books; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of the fiscal year that have been accounted for and kept on the books; (3) the portion of any other expenditures authorized in the Puerto Rico Electric Power Authority ("PREPA") Certified Budget for fiscal year 2021; and (4) the portion of the appropriations authorized for fiscal year 2021 that have been allocated, transferred or designated on or before June 30 of such fiscal year. This restriction on expenditures authorized in any prior fiscal year shall not apply to: (i) programs financed in whole or part with federal funds; (ii) orders by the United States district court with jurisdiction over all matters under Title III of PROMESA; and (iii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs.

Section 3.- On or before August 31, 2021, the Executive Director of PREPA will provide to the Oversight Board a certification indicating whether there are any unused amounts of the fiscal year 2021 certified budget for items (1), (2), (3), and (4) of Section 2 and, if so, an itemization of such unused amounts.

Section 4.- Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by PREPA to fund current fiscal year expenditures, except as otherwise expressly authorized by the Oversight Board in writing after June 30, 2021.

Section 5.- The Executive Director of PREPA shall be responsible for not spending or encumbering during fiscal year 2022 any amount that exceeds the expenditures authorized for GenCo and HoldCo herein for fiscal year 2022, other than amounts above those budgeted for fuel and purchased power, which may fluctuate based on market factors or increase due to unforeseen expenses necessary to maintain the electric system's reliability and safety.

Section 6.- Except for additional expenditures related to fuel and purchased power, the expenditures approved in this budget, including payroll and related expenses, may only be reprogrammed with the prior express written approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget. In the case of reprogramming to the fuel and purchased power budget, the Executive Director of PREPA must provide written notice to the Oversight Board of any change to such amounts within 5 days after any such change taking place.

Section 7.- Pursuant to Section 203 of PROMESA, PREPA must submit to the Oversight Board, no later than 15 days after the last day of each quarter of fiscal year 2022, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide PREPA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PREPA must be submitted consistent with such reporting template.

Section 8.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PREPA's budget.

Section 9.- The PREPA budget for FY2022 shall take effect on July 1, 2021.

Exhibit C

Revised Schedules 5.1, 5.3 and 5.6 to LUMA's Initial Budgets

5.1 Initial Budgets Summary - Fiscal Year 2022 REVISED

(\$ in 000s)

1		2	3	4	
		Revised 2022	Approved ¹ 2022	Variance	
		Schedule Reference			
1	Transmission & Distribution				
2	Operating Expenditures	5.2	514,502	514,502	-
3	Other ²	5.3	125,421	110,976	14,445
4	Total Operating Budget		\$ 639,923	\$ 625,478	\$ 14,445
5	Federally Funded Capital Expenditures ²	5.5	650,365	650,365	-
6	Non-Federally Funded Capital Expenditures ²	5.5	124,101	124,101	-
7	Total Capital Budget		\$ 774,467	\$ 774,467	\$ -
11	Total Generation Budget		\$ 291,413	\$ 288,092	\$ 3,321
11	Other				
12	Bad Debts	5.3	63,405	59,351	4,054
13	PREPA Legacy	5.3	35,868	22,816	13,052
14	Bankruptcy and Advisor Costs	5.3	67,872	63,472	4,400
15	Total Other	5.3	\$ 167,145	\$ 145,639	\$ 21,506

Note:

1 Consistent with Schedule 5.3 as filed within LUMA's Initial Budgets, and as approved FY 2022 within PREB's May 31, 2021 Resolution and Order.

2 Includes 2% reserve for Excess Expenditures.

5.3 Other Fiscal Year 2022 - REVISED

(\$ in 000s)

		1	2	3	4
			Revised	Approved ¹	Variance
		Notes	2022	2022	
Transmission & Distribution Other					
1	LUMA Fees	2	115,131	100,686	14,445
2	2% Reserve for Excess Expenditures	3	10,290	10,290	-
3	Total Transmission & Distribution Other		125,421	110,976	14,445
Other					
4	Bad Debts	4	63,405	59,351	4,054
5	PREPA Legacy	5	35,868	22,816	13,052
6	Title III Costs	6	38,722	38,722	-
7	FOMB Advisor Costs	6	24,400	20,000	4,400
8	P3A Transaction Costs	6	4,750	4,750	-
9	Total Other		167,145	145,639	21,506

Notes:

- 1 Consistent with Schedule 5.3 as filed within LUMA's Initial Budgets, and as approved FY 2022 within PREB's May 31, 2021 Resolution and Order.
- 2 LUMA Fees during the Interim Period for FY2022, as defined by the T&D OMA is approximately \$117 million, however the FOMB included in its revised budget an amount using inflation assumptions matching to the macro-economic assumptions compared to the CPI factor as defined in the T&D OMA.
- 3 Excess Expenditures reserve is 2% as per the approved T&D OMA.
- 4 Bad Debts increase due to increase in PREPA projected sales in FOMB revised certified budget compared to Initial Budgets.
- 5 PREPA legacy increase mainly from increased estimates of pension liabilities and increased benefits for PREPA Generation.
- 6 Due to the change in PREPA Title III Exit to June 30, 2022, the FOMB Advisor Cost increased.

5.6 2017 Rate Order Base Rate Revenue Requirement Limit Comparison FY2022 - REVISED

(\$ in 000s, or otherwise indicated)

1	2	3	4	5
		Revised	Approved ¹	
	Schedule Reference	2022	2022	Variance
1				
2	PREPA Forecasted Sales Without Efficiencies (kWh)	16,762,832,759	16,271,516,696	491,316,063
3	Load Reduction Due to Efficiencies (kWh)	(89,889,439)	(406,749,115)	316,859,675
4	PREPA Forecast Sales (kWh)	16,672,943,320	15,864,767,581	808,175,738
5	Expenditures Limit based on PREPA Projected Sales	\$ 1,244,652	\$ 1,184,321	60,331
6	Transmission & Distribution Operating Expenditures	5.2 \$ 514,502	\$ 514,502	-
7	Transmission & Distribution Other	5.3 \$ 125,421	\$ 110,976	14,445
8	Capital Budget - Non-Federally Funded	5.5 \$ 124,101	\$ 124,101	-
9	Generation Budget ²	5.1 \$ 291,413	\$ 288,092	3,321
10	Other (Bad Debts, PREPA Legacy, Bankruptcy and Advisor Costs)	5.3 \$ 167,145	\$ 145,639	21,506
11	Total Non-Federally Funded Transmission & Distribution and Generation Expenditures	\$ 1,222,582	\$ 1,183,310	\$ 39,272
12	Surplus / (Deficit)	\$ 22,070	\$ 1,011	\$ 21,059
13	Total Non-Federally Funded Transmission & Distribution and Generation \$/kWh	\$ 0.0733	\$ 0.0746	

	2017 Rate Case	
14	PREPA Projected Sales (kWh)	17,268,325,180
15	PREPA Base Rate Revenue Requirement (\$)	1,289,098
16	PREPA Base Rate Rev Req (\$/kWh)	\$ 0.0747

Note:

1. Consistent with the revised Schedule 5.6 as filed within LUMA's April 6, 2021 Clarification, and as approved FY 2022 within PREB's May 27, 2021 Resolution and Order.
2. Generation budget includes Shared Services provided by LUMA to GenCo. Increase mainly consists of increased benefits for PREPA Generation.