

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

NEPR

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IN RE: PERFORMANCE METRICS
TARGETS FOR LUMA ENERGY SERVCO,
LLC

CASE NO. NEPR-AP-2020-0025

**SUBJECT: Compliance with Resolution
and Order of August 25, 2021**

**MOTION IN COMPLIANCE WITH
RESOLUTION AND ORDER OF AUGUST 25, 2021**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. On August 18, 2021, LUMA filed a *Motion Submitting Pre-Filed Testimonies* (“Motion Submitting Testimonies”) before this Honorable Puerto Rico Energy Bureau (“Energy Bureau”). Therein, LUMA submitted the pre-filed testimonies of the nine (9) witnesses it intended to present at the evidentiary hearing. Among the pre-filed testimonies, was the direct testimony of Mr. Juan Fonseca Rodríguez, Manager, Revenue Protection Department for ManagementCo and of Mr. Kalen Kostyk Manager of Accounting for ServCo.

2. As part of his pre-filed testimony, Mr. Fonseca enclosed as an exhibit a document titled DSO SUPPORTING DATA V3 (2019-2020), identified as Exhibit A. It also included a cover page that made reference to a document described as BILLED SALES VS COLLECTIONS M-8 2020-2021, identified as Exhibit B. However, due to an involuntary omission the Exhibit B was not included in the filing and was not referenced to in Mr. Fonseca’s direct testimony. Further,

a typographic error was made in the title of Exhibit B. The correct reference should have been to “BILLED SALES VS COLLECTIONS M-8 2019-2020”, which is the correct document.

3. Secondly, LUMA’s Motion Submitting Testimonies included the pre-filed testimony of Mr. Kalen Kostyk. LUMA informed that his testimony included an Attestation that was notarized in Canada. Due to time constraints and the complexity of the process in Canada, LUMA asserted that it would not be able to complete the authentication and legalization of the Attestation of the pre-filed testimony of Mr. Kostyk in time for the deadline imposed by this Energy Bureau. In order to comply with the cutoff date to submit LUMA’s witnesses pre-filed testimonies, LUMA submitted the pre-filed testimony and Attestation of Mr. Kostyk notarized in Canada. LUMA offered this Energy Bureau to supplement the evidence of the document duly authenticated and legalized once the process has been completed.

4. On August 25, 2021, this Energy Bureau issued a Resolution and Order (“August 25th Resolution and Order”). It ordered LUMA to, on or before August 27, 2021 at 12:00p.m., clarify the exhibits included as part of Mr. Fonseca’s direct testimony, and, if necessary, file any additional documents not previously submitted. This Energy Bureau also ordered LUMA to, on or before September 7, 2021 at 12:00 p.m., supplement Mr. Kostyk’s pre-filed testimony with the appropriate authentication and legalization.

5. In compliance with the August 25th Resolution and Order, LUMA hereby submits the Exhibit B: BILLED SALES VS COLLECTIONS M-8 2019-2020 of Mr. Fonseca’s pre-filed testimony, as **Exhibit 1** of the present motion. For clarification purposes, LUMA also submits a sworn statement executed by Mr. Fonseca whereas he states that the aforementioned exhibit is part

of his pre-filed testimony and should have been disclosed in his testimony. The sworn statement is included as **Exhibit 2** of this motion.

6. Further, LUMA also submits with this Motion, a sworn statement executed by Mr. Kostyk before a notary public in Puerto Rico to be attached to his pre-filed testimony and Attestation previously notarized in Canada, as an addendum. LUMA submits that due to circumstances beyond its control, the authentication and legalization process in Canada will take much longer than the timeframe given by this Energy Bureau in the August 25th Resolution and Order. We estimate it will take between 4 and 6 weeks, if not longer. In order to offer a workable and reasonable solution, LUMA is submitting the aforementioned addendum in which Mr. Kostyk reaffirms the statements provided in his pre-filed testimony, and requests that this Energy Bureau will accept it in substitution of the Attestation notarized in Canada and deems completed the notarization requirement for Mr. Kostyk's pre-filed testimony. Mr. Kostyk's pre-filed testimony and the addendum are hereby included as **Exhibit 3** of this motion.

7. In view of the above, LUMA respectfully requests that this Energy Bureau receive and accept Exhibit B: BILLED SALES VS COLLECTIONS M-8 2019-2020 to Mr. Fonseca's pre-filed testimony and a sworn statement executed by Mr. Fonseca, included herein as Exhibits 1 and 2 respectively. LUMA also requests that this Energy Bureau receive and accept the above-described addendum to Mr. Kostyk's pre-filed testimony, included as Exhibit 3.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **receive and accept** the Exhibit B: BILLED SALES VS COLLECTIONS M-8 2019-2020 to Mr. Fonseca's pre-filed testimony, the sworn statement executed by Mr. Fonseca and the above-described addendum to

Mr. Kostyk's pre-filed testimony; and **deem** that LUMA complied with the August 25th Resolution and Order.

RESPECTFULLY SUBMITTED.

We hereby certify that we 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, the Office of the Independent Consumer Protection Office, Lcda. Hannia Rivera Diaz, hrivera@jrsp.pr.gov, and counsel for the Puerto Rico Institute for Competitiveness and Sustainable Economy ("ICSE"), Fernando Agrait, agraitfe@agraitlawpr.com, and counsels for Comité Diálogo Ambiental, Inc., El Puente de Williamsburg, Inc., Enlace Latino de Acción Climática, Alianza Comunitaria Ambientalista del Sureste, Inc., Coalición de Organizaciones Anti-Incineración, Inc., Amigos del Río Guaynabo, Inc., CAMBIO, Sierra Club and its Puerto Rico Chapter, and Unión de Trabajadores de la Industria Eléctrica y Riego (jointly, Puerto Rico Local and Environmental Organizations), rstgo2@gmail.com, notificaciones@bufete-emmanuelli.com, pedrosaade5@gmail.com, jessica@bufete-emmanuelli.com; rolando@bufete-emmanuelli.com.

In San Juan, Puerto Rico, this 27th day of August 2021.



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EXHIBIT 1

(Document to be submitted by e-mail)

EXHIBIT 2

SWORN STATEMENT

I, Juan Manuel Fonseca Rodríguez, of legal age, married, business manager and resident of San Juan, Puerto Rico, in my capacity as the Manager of the Revenue Protection Department for LUMA Energy, LLC, hereby solemnly swear:

1. That my personal and professional circumstances are as expressed herein.
2. That, on August 17th, 2021, I provided a written Direct Testimony as the Manager of the Revenue Protection Department for LUMA Energy, LLC, regarding the Performance Targets for LUMA Energy ServCo, LLC under case number NEPR-AP-2020-0025 before the Puerto Rico Energy Bureau.
3. That on the aforementioned Direct Testimony I omitted to attach Exhibit B: BILLED SALES VS COLLECTIONS M-8 2019-2020, even though a cover page for said exhibit was included in the document. The cover page mistakenly referred to Exhibit B: BILLED SALES VS COLLECTIONS M-8 2020-2021 due to a typographical error.
4. That on August 18th, 2021, and pursuant to Puerto Rico laws, I executed an Attestation before Notary Public Edwin E. Rivera Pérez in Puerto Rico.
5. That on August 18th, 2021, LUMA Energy, LLC and LUMA Energy ServCo, LLC filed a *Motion Submitting Pre-Filed Testimonies* with the above-described Direct Testimony and Attestation as exhibit, in case number NEPR-AP-2020-0025 before the Puerto Rico Energy Bureau.
6. That on August 25th, 2021, the Puerto Rico Energy Bureau issued a Resolution and Order requesting LUMA Energy, LLC and LUMA Energy ServCo, LLC to clarify the exhibits included as part of my direct testimony, and, if necessary, file any additional documents not previously submitted, on or before August 27, 2021 at 12:00 p.m.
7. That I execute this sworn statement with the intention to clarify the exhibits that should have been included with the Direct Testimony of August 17th, 2021 and attest that Exhibit B: BILLED SALES VS COLLECTIONS M-8 2019-2020 is the correct Exhibit B to my pre-filed testimony of August 17, 2021, notarized on August 18, 2021, that was filed on August 18, 2021 with the Puerto Rico Energy Bureau.
8. That everything stated above is true to the best of my knowledge, information and belief.


Therefore, I hereby sign this Sworn Statement in San Juan, Puerto Rico, today, August 27, 2021.


Juan Fonseca Rodríguez

Affidavit No. -8,440-

Acknowledged and subscribed before me, by Juan Manuel Fonseca Rodríguez, whose full name is as expressed herein, of legal age, married, business manager and resident of San Juan, Puerto Rico, in his capacity as Manager of the Revenue Protection Department for LUMA Energy, LLC, who is personally known to me. In San Juan, Puerto Rico, today, August 27, 2021.





NOTARY PUBLIC



EXHIBIT 3

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

IN RE:

PERFORMANCE TARGETS FOR LUMA
ENERGY SERVCO, LLC

CASE NO.: NEPR-AP-2020-0025

Direct Testimony of
Mr. Kalen Kostyk
Manager of Accounting, LUMA Energy ServCo LLC
August 17, 2011

1 **Q. Please state your name.**

2 A. My name is Kalen Kostyk.

3 **Q. Please state your business address, title, and employer.**

4 My business address is PO Box 363508 San Juan, Puerto Rico 00936-3508. I am the
5 Manager of Accounting, in the Finance Department for LUMA Energy LLC.

6 **Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau (the**
7 **“Energy Bureau”).**

8 A. My testimony is on behalf of the LUMA as part of the Commonwealth of Puerto Rico
9 Public Service Regulatory Aboard Puerto Rico Energy Bureau (Energy Bureau)
10 proceeding NEPR-AP-2020-0025, the Performance Targets for LUMA Energy ServCo,
11 LLC.

12 **Q. Are there any exhibits attached to your testimony?**

13 A. Yes, there are 5 exhibits attached to my testimony all included in LUMA’s Performance
14 Metrics Targets Revised Filing to be submitted on August 18, 2021:

15 a. Exhibit A - Table 2-18: Operating Budget

16 b. Exhibit B - Table 2-19: Capital Budget – Federally Funded

17 c. Exhibit C - Table 2-20: Capital Budget – Non-Federally Funded

18 d. Exhibit D - Table 2-23: Overtime

19 e. Exhibit E - Appendix D: Financial Performance Workpapers

20 **Q. What is your educational background?**

21 A. I received a Bachelor of Commerce in Accounting and Finance from the University of
22 Alberta (Edmonton, Alberta, Canada).

23 **Q. What is your professional experience?**

24 A. I have approximately 9.5 years of professional experience in Utility work. In 2012, I joined
25 ATCO Electric, an ATCO Company, which is a regulated electrical transmission and
26 distribution company in the province of Alberta, Canada. My work at ATCO has included
27 financial accounting, regulatory accounting, project accounting, business planning and
28 forecasting, and contract administration and procurement oversight on a large transmission
29 project. I have further supported General Tariff Applications and Deferral Account
30 Reconciliation Applications through our provincial Utilities Commission. My work on
31 regulatory filings included preparing the initial applications for filing, preparing responses
32 to information requests, and providing support to expert witnesses in advance of
33 evidentiary hearings. In supporting LUMA, my work efforts through front-end transition
34 have been to lead the financial preparation and consolidation of the financial aspect of the
35 LUMA Initial Budgets filing.

36 Prior to joining ATCO, I articulated, or apprenticed at a public accounting firm, where I
37 obtained my Canada Professional Accounting designation. In public practice I participated
38 in audit, reviews, compilations, tax, and other engagements on behalf of clients.

39 **Q. Do you hold any professional licenses, if so, which?**

40 A. Yes, I am a Chartered Professional Accountant (Canada).

41 **Q. Have you previously testified or made presentations before the Energy Bureau?**

42 A. Yes - I have testified before the Energy Bureau in the Technical Conferences in two
43 proceeding as follows:

44 a. Case No. NEPR-MI-2021-0004, LUMA Initial Budgets and Related Terms of Service

45 b. Case No. NEPR-MI-2021-0007, Review of LUMA's Terms of Service (Liability

46 Waiver)

47 **Q. Which documents did you consider for your testimony?**

48 A. I considered the following 4 documents for my testimony:

- 49 a. Motion Filed in Case No. NEPR-MI-2019-0007 February 5, 2021 - Motion
50 Resubmitting LUMA's Comments on Performance Baselines and Metrics Based on
51 Data Presented on January 19th, 2021 by the Energy Bureau and Resubmitting
52 Proposed Performance Metrics and Baselines – Section 2.4
- 53 b. PREPA's Certified Fiscal Plan 2021
- 54 c. LUMA's Performance Metrics Targets filing of February 25, 2021 in this proceeding,
55 filed in Case No. NEPR-AP-2020-0025
- 56 d. LUMA's Performance Metrics Targets revised filing of August 18, 2021 in this
57 proceeding, filed in Case No. NEPR-AP-2020-0025

58 **Q. What is the subject and purpose of your Direct Testimony?**

59 A. My testimony is in support of LUMA's performance metrics related to Financial
60 Performance. I will be speaking on the following Financial Performance metrics to request
61 the Energy Bureau's approval:

- 62 a. Operating Budget
- 63 b. Capital Budget: Federally Funded
- 64 c. Capital Budget: Non-Federally Funded
- 65 d. Overtime

66 **Q. Please describe the methodology for measuring the performance metrics as outlined**
67 **in answer 9 above.**

68 A. The following describes the approach to measure the performance metrics.

69 **Operating Budget**

70 **Performance Objective:** To incentivize effective cost management.

71 **Description:** Measures ability to stay within budget.

72 **Calculation:** This metric will be evaluated as actual operating expenses for a given
73 Fiscal Year divided by the approved T&D operating budget for the same Fiscal
74 Year as incurred. As defined in Section 7.3(b) of the OMA the Budgets include 2%
75 Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section
76 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially
77 approved Budgets (denominator) for purposes of this calculation. Further, any
78 funds drawn from the Outage Event Reserve Account and the Contingency Reserve
79 Account, as they have specific requirements, do not contribute to this metric.

80 LUMA proposes that any approved budget amendment for items outside LUMA's
81 control also adjusts the budget metric denominator by the same amount. It is also
82 proposed that any financial adjustments or corrections made to PREPA's pre-fiscal
83 year 2022 historical books and records be excluded from the calculation.

84 Please see Exhibit A, LUMA's Performance Metrics Targets filing of August 18,
85 2021, NEPR-AP-2020-0025 Section 2, Table 2-18

86 **Capital Budget: Federally Funded**

87 **Performance Objective:** To incentivize effective cost management of
88 federally funded projects.

89 **Description:** Measures ability to stay within budget.

90 **Calculation:** This metric will be evaluated as actual Federally Funded Capital
91 expenses for a Fiscal Year, as incurred, divided by approved Capital

Budget: Federally Funded for the same Fiscal Year. As defined in Section 7.3(b) of the OMA the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency Reserve Account, as they have specific requirements, do not contribute to this metric.

Please see Exhibit B, NEPR-AP-2020-0025 Section 2, Table 2-19

Capital Budget: Non-Federally Funded

Performance Objective: To incentivize effective cost management of Non-Federally Funded Capital.

Description: Measures ability to stay within budget.

Calculation: This metric will be evaluated as actual Federally Non-Funded Capital expenses for a Fiscal Year, as incurred, divided by approved Capital Budget: Non-Federally Funded for the same Fiscal Year. As defined in Section 7.3(b) of the OMA the Budgets include 2% Excess Expenditures. Budget amendments, as defined in (i) through (iv) in Section 7.4 and 14.5(e) of the OMA, shall be deemed to be included in the initially approved Budgets (denominator) for purposes of this calculation. Further, any funds drawn from the Outage Event Reserve Account and the Contingency Reserve Account, as they have specific requirements, do not contribute to this metric.

Please see Exhibit C, LUMA's Performance Metrics Targets filing of August 18, 2021, NEPR-AP-2020-0025 Section 2, Table 2-20

115 **Overtime**

116 **Performance Objective:** To incentivize efficient payroll expense.

117 **Description:** This metric measures the utility's ability to manage labor expenses.

118 **Calculation:** The amount of overtime expenses divided by the amount of total non-
119 exempt base compensation expenses, expressed as a percentage.

120 Please see Exhibit D, NEPR-AP-2020-0025 Section 2, Table 2-23

121 **Q. What data analysis, if any, did you examine to develop the financial performance**
122 **metrics?**

123 A. The Operating Budget, the Capital Budget Federally Funded, and the Capital Budget Non-
124 Federally Funded performance metrics and measurement were established in the OMA.
125 The performance metrics measure LUMA's ability to stay within budget. LUMA is
126 proposing to stay consistent with the OMA language, except for the added language to
127 exclude outage events, which are outside of LUMA's control, from the calculation.
128 The Overtime performance metric was calculated by using PREPA's FY21 Certified
129 Budget to determine a baseline overtime amount. LUMA requested data to be provided by
130 PREPA on historical overtime, but no information was provided. As such, LUMA proposes
131 to use the most recent FOMB Certified Budget to establish the baseline amount as detailed
132 in our filing.

133 **Q. How was the data used to calculate the baseline for Overtime?**

134 A. As PREPA did not provide information on historical overtime as requested by LUMA,
135 LUMA utilized the FY2021 Certified Budget as the best proxy of current overtime
136 expectations. LUMA utilized this publicly available data to derive an overtime percentage
137 and used this data to establish a baseline percentage as recommended within this

application.

Q. What considerations were made upon analyzing the baseline data to determine the target?

A. Operating Budget: PREPA provided PREB with data that supported a baseline of 80.4% in Case No. NEPR-MI-2019-0007. LUMA reviewed the baseline and understands that PREPA's historical underrunning of the approved budgets was not due to efficient efforts or betterment of the system. LUMA considers that there was an inability by PREPA to deliver on the annual plans to properly manage and operate the system. LUMA's budgets were bottom-up buildups by functional groups to deliver on plans for the approved fiscal year and LUMA is requesting to be measured to deliver on services in alignment with the PREB approved budget.

Capital Budget – Non-Federally Funded: PREPA provided PREB with data that stated a baseline of 6.6% in Case No. NEPR-MI-2019-0007. LUMA reviewed the baseline and considers that PREPA's historical underrunning of the approved budgets was not due to efficient efforts or betterment of the system. LUMA considers that there was an inability by PREPA to deliver on the annual plans to properly manage and operate the system. LUMA's budgets were bottom-up buildups by functional groups to deliver on plans for the approved fiscal year and LUMA is requesting to be measured to deliver on our services in alignment with the PREB approved budget.

Capital Budget – Federally Funded: PREPA provided no baseline data. However, in alignment with the previous points, LUMA is requesting to be measured to deliver on services in alignment with the PREB approved budget.

Overtime: PREPA provided no baseline data. LUMA is proposing to baseline on PREPA's

FY21 Certified Budget request, which was 23%, which will establish a baseline for the Performance Metric's measurement.

Q. Please comment on how LUMA's target were set according to the Exhibits provided.

A. LUMA's targets for the Operating Budget, Capital Budget – Non-Federally Funded and Capital Budget- Federally Funded were set with the intention to effectively manage and strength the resiliency of the T&D system. LUMA intends to spend all of its budgeted amount to assist in stabilization efforts and allowing for approved amendment changes if and when the budget is adjusted due to efficient operations or extenuating circumstances. Per Section 3 of the revised Performance Metric filing, LUMA is planning to achieve these targets by establishing strong processes based on set strategic priorities, implementing tools for teams to be able to forecast and profile spend. LUMA's Overtime metric targets were set with the intention to recognize root causes in labor and wage expectations and improve performance over time. Each year, LUMA plans to strengthen their ability to forecast overtime by implementing a timekeeping system and enable processes that allow for more timely and accurate labor data by project. The targets for the Financial Metrics are outlines in Tables 2-18, 2-19 and 2-20 of LUMA's Performance Metrics Targets Revised Filing, Exhibits A through C, and the Targets for LUMA's Overtime metric is found in Table 2-23 of LUMA's Performance Metrics Targets Revised Filing, Exhibit D.

Q. In brief, what are your recommendations?

A. I recommend that LUMA Financial Performance Metrics be approved as requested.

Q. Does this complete your testimony?

184 A. Yes.

ATTESTATION

Affiant, Mr. Kalen Kostyk, being first duly sworn, states the following:
The prepared Direct Testimony constitutes my direct testimony in the above-styled case before the Puerto Rico Energy Bureau. Affiant states that he would give the answers set forth in the Direct Testimony if asked the questions that are included in the Direct Testimony. Affiant further states that, facts and statements provided herein is his direct testimony and to the best of his knowledge are true and correct.

Kalen Kostyk

Kalen Kostyk

Affidavit No. _____

Acknowledged and subscribed before me by Mr. Kalen Kostyk, in his capacity as Manager, Accounting of LUMA Energy, whose full name is as expressed herein, of legal age, single, accountant, and resident of Canada who is personally known to me or whom I have identified by means of his driver's license.

In Canada, this 18th day of August 2021.

[Signature]

Public Notary

Hailian Wang
Ontario Paralegal and Notary Public
Law Society of Ontario Licensee P16391

Signed electronically before me in Stouffville, Ontario
while the Affiant was located in Alberta
in accordance with Reg. 431/20 and the Ontario Electronic
Commerce Act and securely online via video.

Please contact Notary Pro for any questions
about this document and refer to the Document
History page attached below for the
electronic audit trail.
Notary Pro - www.notarypro.ca - 1-888-313-0909
support@notarypro.ca



Direct Testimony

Exhibit A

Table 2-18: Operating Budget

Table 2-18. Operating Budget¹

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	80.4%						
Baseline	100% of Operating Budget						
Year 1	100% of T&D Approved Operating Budget	100% of T&D Approved Operating Budget	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 2	100% of T&D Approved Operating Budget	100% of T&D Approved Operating Budget	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 3	100% of T&D Approved Operating Budget	100% of T&D Approved Operating Budget	N/A	N/A	Less than or Equal to 100%	N/A	N/A

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order. Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

Direct Testimony

Exhibit B

Table 2-19: Capital Budget – Federally Funded

Table 2-19. Capital Budget: Federally Funded¹

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	N/A						
Baseline	N/A						
Year 1	100% of FY22 Approved Capital Spend	100% of FY22 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 2	100% of FY23 Approved Capital Spend	100% of FY23 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 3	100% of FY24 Approved Capital Spend	100% of FY24 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order. Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

Direct Testimony

Exhibit C

Table 2-20: Capital Budget – Non-Federally Funded

Table 2-20. Capital Budget: Non-Federally Funded¹

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	6.6%						
Baseline	100% of Capital Budget: Non-Federally Funded Approved for Fiscal 2022						
Year 1	<100% of FY22 Approved Capital Spend	100% of FY22 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A
Year 2	<100% of FY23 Approved Capital Spend	100% of FY23 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
Year 3	<100% of FY24 Approved Capital Spend	100% of FY24 Approved Capital Spend	N/A	N/A	Less than or Equal to 100%	N/A	N/A

¹ In accordance with OMA Section 7.3(b), each Budget includes Excess Expenditures, defined as expenditures for undefined costs in an amount equal to up to two percent (2%) of the total amount of the Budget. Excess Expenditures must otherwise comply with the applicable Rate Order. Any Excess Expenditures incurred by LUMA are treated as T&D Pass-Through Expenditures and as if initially budgeted. Each reference in the OMA to a Budget or Default Budget includes Excess Expenditures to the extent these are incurred.

Direct Testimony

Exhibit D

Table 2-23: Overtime

Table 2-23. Overtime

	Target Threshold	Minimum Performance Level	150%	125%	100%	50%	25%
PREB Order	N/A						
Baseline	23% of Total Non-Exempt Base Compensation						
Year 1	20% of Total Non-Exempt Base Compensation	23% of Total Non-Exempt Base Compensation	Less than or Equal to 18%	19%	20%	21%	22%
Year 2	19% of Total Non-Exempt Base Compensation	22% of Total Non-Exempt Base Compensation	Less than or Equal to 17%	18%	19%	20%	21%
Year 3	18% of Total Non-Exempt Base Compensation	21% of Total Non-Exempt Base Compensation	Less than or Equal to 16%	17%	18%	19%	20%

Direct Testimony

Exhibit E

Financial Performance Workpapers

See attached Excel Workbook

Document History

SignNow E-Signature Audit Log

All dates expressed in MM/DD/YYYY (US)

Document name: 21.07.29_LUMA Direct Testimony - Kalen Kostyk1 652429461 Kalen Kostyk
Document created: 08/17/2021 21:06:13
Document pages: 16
Document ID: 36cd54c4a3044f5a8a63b9fdd14f1efd01a18cba
Document Sent: 08/18/2021 12:58:16 UTC
Document Status: Signed
 08/18/2021 15:00:14UTC

Sender: online@notarypro.ca
Signers: notary@notarypro.ca (NotaryPro), kalen.kostyk@lumamc.com (NotaryPro)
CC:

Client	Event	By	Server Time	Client Time	IP Address
NotaryPro	Uploaded the Document	online@notarypro.ca	08/17/2021 21:06:13 pm UTC		13.71.170.133
NotaryPro	Viewed the Document	online@notarypro.ca	08/18/2021 12:55:39 pm UTC	08/18/2021 12:55:39 pm UTC	72.141.209.146
NotaryPro	Added a Text	online@notarypro.ca	08/18/2021 12:57:21 pm UTC	08/18/2021 12:57:21 pm UTC	72.141.209.146
NotaryPro	Added a Text	online@notarypro.ca	08/18/2021 12:57:21 pm UTC	08/18/2021 12:57:21 pm UTC	72.141.209.146
NotaryPro	Added a Text	online@notarypro.ca	08/18/2021 12:57:21 pm UTC	08/18/2021 12:57:21 pm UTC	72.141.209.146
NotaryPro	Document Saved	online@notarypro.ca	08/18/2021 12:57:21 pm UTC	08/18/2021 12:57:21 pm UTC	72.141.209.146
NotaryPro	Viewed the Document	notary@notarypro.ca (NotaryPro)	08/18/2021 14:59:34 pm UTC	08/18/2021 14:59:34 pm UTC	72.141.159.23
NotaryPro	Viewed the Document	kalen.kostyk@lumamc.com (NotaryPro)	08/18/2021 14:59:48 pm UTC	08/18/2021 14:59:48 pm UTC	165.225.210.238
NotaryPro	Signed the Document, Signature ID: 6f6df7284f5e4c1e9e10	notary@notarypro.ca (NotaryPro)	08/18/2021 15:00:14 pm UTC	08/18/2021 15:00:10 pm UTC	72.141.159.23
NotaryPro	Signed the Document, Signature ID: a38f5e3d876a40588878	notary@notarypro.ca (NotaryPro)	08/18/2021 15:00:14 pm UTC	08/18/2021 15:00:10 pm UTC	72.141.159.23
NotaryPro	Embedded Invite Completed (auth: None)	notary@notarypro.ca (NotaryPro)	08/18/2021 15:00:14 pm UTC	08/18/2021 15:00:10 pm UTC	72.141.159.23
NotaryPro	Document Saved	notary@notarypro.ca (NotaryPro)	08/18/2021 15:00:14 pm UTC	08/18/2021 15:00:10 pm UTC	72.141.159.23
NotaryPro	Signed the Document, Signature ID: ed1ee1bc3e9d44ab578	kalen.kostyk@lumamc.com (NotaryPro)	08/18/2021 15:00:23 pm UTC	08/18/2021 15:00:23 pm UTC	165.225.210.238
NotaryPro	Embedded Invite Completed (auth: None)	kalen.kostyk@lumamc.com (NotaryPro)	08/18/2021 15:00:24 pm UTC	08/18/2021 15:00:23 pm UTC	165.225.210.238
NotaryPro	Document Saved	kalen.kostyk@lumamc.com (NotaryPro)	08/18/2021 15:00:24 pm UTC	08/18/2021 15:00:23 pm UTC	165.225.210.238

SWORN STATEMENT

I, Kalen Kostyk, of legal age, single, accountant and resident of Canada, in my capacity as Manager of Accounting for LUMA Energy ServCo, LLC, hereby solemnly swear:

1. That my personal and professional circumstances are as expressed herein.
2. That on August 17th, 2021, I signed a written Direct Testimony as Manager of Accounting for LUMA Energy ServCo LLC, regarding the Performance Targets for LUMA Energy ServCo, LLC under case number NEPR-AP-2020-0025 before the Puerto Rico Energy Bureau.
3. That on August 18th, 2021, and pursuant to Regulation 431/20 and the Ontario Electronic Commerce Act, I executed an Attestation before Hailian Wang, Ontario Paralegal and Notary Public of the Law Society of Ontario with license number P16391, by electronic means.
4. That on August 18th, 2021, LUMA Energy, LLC and LUMA Energy ServCo, LLC filed a *Motion Submitting Pre-Filed Testimonies* with the above-described Direct Testimony and Attestation as exhibit, in case number NEPR-AP-2020-0025 before the Puerto Rico Energy Bureau.
5. That under the laws of the Commonwealth of Puerto Rico, any document executed and notarized outside the jurisdiction of Puerto Rico, must be duly protocolized and/or legalized by the corresponding state agency or equivalent, to have legal effect in Puerto Rico.
6. That pursuant to Article 38 and Rule 41(A)(3) of the Puerto Rico Notarial Act and Regulation, any document that is executed in countries that do not form part of the International Hague Treaty must be legalized by the appropriate consular authority in the United States of America.
7. That since Canada does not form part of the International Hague Treaty, the process of authentication and legalization must be done, in order for the Attestation to have legal effect in Puerto Rico.
8. Currently, legal representatives for LUMA Energy, LLC and LUMA Energy ServCo, LLC, are requesting the authentication and legalization of the Attestation before the applicable Canadian and US agencies.

9. That on August 25th, 2021, the Puerto Rico Energy Bureau issued a Resolution and Order requesting LUMA Energy, LLC and LUMA Energy ServCo, LLC to supplement the Direct Testimony of August 17th, 2021 and Attestation, with the appropriate authentication and legalization on or before September 7, 2021 at 12:00 p.m.

10. That I have no assurance that the process of legalization and authentication will be completed by September 7, 2021 at 12:00 p.m.

11. That I am currently in Puerto Rico executing this sworn statement as an addendum to the Direct Testimony of August 17th, 2021.

12. That I reaffirm the statements provided in the Direct Testimony of August 17th, 2021.

13. That I execute this sworn statement as an addendum to the Direct Testimony of August 17th, 2021 to be accepted in substitution of the Attestation, for purposes of deeming completed the notarization requirement for the above-described Direct Testimony.

14. That everything stated above is true to the best of my knowledge, information and belief.

Therefore, I hereby sign this Sworn Statement in San Juan, Puerto Rico, today, August 26, 2021.


Kalen Kostyk

Affidavit No. -8,439-

Acknowledged and subscribed before me, by Kalen Kostyk, whose full name is as expressed herein, of legal age, single, accountant and resident of Canada, in his capacity as Accounting Manager of LUMA Energy, who is personally known to me or has been identified by means of his driver's license. In San Juan, Puerto Rico, today, August 26, 2021.

By Kalen Kostyk mitchell J.




NOTARY PUBLIC