

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

**IN RE: REVIEW OF LUMA'S INITIAL  
BUDGETS**

**CASE NO.: NEPR-MI-2021-0004**

**SUBJECT: Annual Budgets Filing  
Requirements – Fiscal Year 2023**

**RESOLUTION AND ORDER**

**I. Introduction**

On February 24, 2021, LUMA<sup>1</sup> filed before the Energy Bureau of the Public Service Regulatory Board (“Energy Bureau”) a document titled *Petition for Approval of Initial Budgets and Related Terms of Service* (“February 24 Petition”),<sup>2</sup> under Act 57-2014,<sup>3</sup> as amended by Act 17-2019,<sup>4</sup> and pursuant to LUMA’s obligations under Section 4.2 (e) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (“OMA”), dated June 22, 2020, executed by and among the Puerto Rico Electric Power Authority (“PREPA”), the Puerto Rico Public-Private Partnerships Authority (“P3 Authority”) and LUMA.

On April 5, 2021 the Energy Bureau issued a Resolution and Order (“April 5 Order”),<sup>5</sup> through which it determined the Initial Budgets Petition to be incomplete. The Energy Bureau ordered LUMA to (i) provide the information identified in Attachment A of the April 5 Order; (ii) modify the Initial Budgets Petition accordingly; and (iii) submit an updated Generation Budget, and any related information and all documentation.

On April 6, 2021 LUMA filed a document titled Motion Submitting Clarification to Portions of LUMA’s Initial Budget (April 6 Motion”) which included two (2) exhibits with revisions to the Initial Budgets. In addition, on April 12, 2021 LUMA filed before the Energy Bureau a document titled *Motion in Compliance with Resolution and Order of April 5, 2021 and Submitting Responses for Information*, (“April 12 Compliance Motion”). In the April 12 Compliance Motion, LUMA includes the supporting material identified by the Energy Bureau as needed to adequately conduct its evaluation and proposes an alternative to address its inability to secure the Generation Budget from PREPA in a timely manner. LUMA also explained that it had not received a PREPA Generation Budget and was, therefore, unable to provide the requested information (A PREPA Generation budget was subsequently provided to the Energy Bureau by LUMA).

On April 20, 2021 the Energy Bureau issued a Resolution and Order (“April 20 Resolution”)<sup>6</sup> through which it determined the February 24 Petition as clarified by the April 6 Motion and supplemented by the April 12 Compliance Motion incomplete since it is insufficient to

<sup>1</sup> LUMA Energy, LLC (“ManagementCo”), and LUMA Energy ServCo, LLC (“ServCo”), (collectively, “LUMA”).

<sup>2</sup> *In Re: Review of LUMA’s Initial Budgets*, Case No. NEPR-MI-2021-0004, *Petition for Approval of Initial Budgets and Related terms of Service*, filed on February 24, 2021 (“Initial Budgets Petition”).

<sup>3</sup> Known as the *Puerto Rico Energy Transformation and Relief Act*, as amended.

<sup>4</sup> Known as the *Puerto Rico Energy Public Policy Act*.

<sup>5</sup> See, Resolution and Order, *In re: Review of LUMA’s Initial Budget*, Case No.: NEPR-MI-2021-0004, April 5, 2021 (“April 5 Resolution”).

<sup>6</sup> See, Resolution and Order, *In re: Review of LUMA’s Initial Budget*, Case No. NEPR-MI-2021-0004, April 20, 2021.



commence its evaluation of the Initial Budget considering the absence of the Generation Budget.

On April 22, 2021 LUMA filed with the Energy Bureau a document titled *Motion Submitting PREPA's Generation Budget in Compliance with Order* ("April 22 Motion")<sup>7</sup> in which LUMA submitted the generation budget prepared by PREPA, in compliance with the April 20 Resolution.

On April 26, 2021 the Energy Bureau issued a Resolution ("April 26 Resolution"), in which it determined the February 24 Petition, as clarified by the April 6 Motion, and supplemented by the April 12 Compliance Motion and April 22 Motion to be complete.

On May 31, 2021, the Energy Bureau issued a Resolution and Order ("May 31 Resolution"), through which it approved LUMA's Initial Budgets Petition, corresponding to the budget for Fiscal Year 2022 ("FY22"). The Energy Bureau also directed LUMA to comply with several conditions. One condition required that:

"Not later than October 31, 2021, LUMA shall submit to the Energy Bureau the Fiscal Year 2023 proposed budgets following the annual budget examination process delineated in the 2017 Rate Order. The filing requirements will be specified by the Energy Bureau in a future Resolution and Order."<sup>8</sup>

The Energy Bureau established April 1, 2022, as the new filing date deadline<sup>9</sup>.

On June 21, 2021, LUMA filed with the Energy Bureau a document titled *Request for Clarification and/or Reconsideration of May 31st Resolution and Order Approving LUMA's initial Budgets* ("Reconsideration Request")<sup>10</sup>. In the Reconsideration Request, LUMA asked the Energy Bureau to amend the May 31 Resolution to clarify or reconsider some of the Energy Bureau's reporting requirements. LUMA also asserted that certain reporting requirements were not consistent with procedures applicable to PREPA or LUMA in the OMA and with other reporting and compliance requirements.<sup>11</sup>

On July 16, 2021, the Energy Bureau issued a Resolution and Order ("July 16 Resolution"), through which it approved in part and denied in part, LUMA's Reconsideration Request.<sup>12</sup>

On July 16, 2021, LUMA filed with the Energy Bureau, a document titled *Request for Modification of Approved Budget for Fiscal Year 2022* ("Modification Request")<sup>13</sup>. In the Modification Request, LUMA expressed the need to revise the Fiscal Year 2022 Approved Budget to conform it to the Fiscal Oversight and Management Board's ("FOMB") Amended Puerto Rico Electric Power Authority ("PREPA") Budget for Fiscal Year 2022, as certified by the FOMB on June 30, 2021. LUMA stressed that the resulting impacts would not result in

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<sup>7</sup> See, *In re: Review of LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, , *Motion Submitting the Puerto Rico Electric Power Authority's Generation Budget*, filed on April 22, 2021. .

<sup>8</sup> See, May 31 Resolution, p. 37, ¶5

<sup>9</sup> See, Resolution and Order, *In re: Review of LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, July 16, 2021, p.3.

<sup>10</sup> See, *In re: Review of LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, *Request for Clarifications and/or Reconsideration of May 31st Resolution and Order Approving LUMA's Initial Budget*, filed on June 21, 2021.

<sup>11</sup> *Id.*, p. 3.

<sup>12</sup> *Id.*

<sup>13</sup> See, *In re: Review of LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, *Request for Modification of Approved Budget for Fiscal Year 2022* filed on July 16, 2021.

increased rates.<sup>14</sup> LUMA requested that the Energy Bureau approve a revised FY 2022 Budget under the revisions identified in the Modification Request.

## II. Filing Requirements

Under the May 31 Resolution, the Energy Bureau here expands upon the filing requirements to be complied with by LUMA in its FY 2023 Annual Budgets Filing.

Filing requirements are imposed by law and Energy Bureau orders. All applicable provisions of law and regulation remain in effect whether or not specified in this Resolution and Order and must be complied by LUMA.

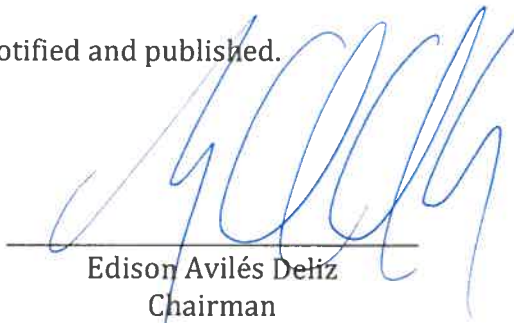
The Energy Bureau **REQUIRES** LUMA to include in its filing, all applicable workpapers and supporting material used to develop its Fiscal Year 2023 budget proposal. In this respect, Attachment A of the Energy Bureau's April 5 Order<sup>15</sup> should be complied with, unless inapplicable due to specific references to the proposed Initial Budgets or changed circumstances. The Energy Bureau expects LUMA to make this determination being more rather than less inclusive.

Because the Energy Bureau's April 5 Resolution preceded LUMA's Modification Request, in which LUMA requested approval of Initial Budgets it had modified to conform with FOMB's FY 2022 Budget Certification, LUMA should clearly delineate its proposed Fiscal Year 2023 budget correlation with the FOMB figures and provide adequate supporting material.

## III. Conclusion

The Energy Bureau **ORDER** LUMA to file its Annual Budgets for FY 2023 in accordance with the requirements and guidelines set forth above.

Be it notified and published.



Edison Avilés Deliz  
Chairman



Lillian Mateo Santos  
Associate Commissioner



Ferdinand A. Ramos Soegard  
Associate Commissioner



Sylvia B. Ugarte Araujo  
Associate Commissioner



<sup>14</sup> *Id.*, p. 3

<sup>15</sup> April 5 Resolution, Attachment A, pp. 5 – 6.

## CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on March 25, 2022. Associate Commissioner Ángel R. Rivera de la Cruz did not intervene. I also certify that on March 25, 2022 a copy of this Resolution and Order was notified by electronic mail to the following: [margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com); [jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law) and [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law). I also certify that today, March 25, 2022, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today March 25, 2022.

  
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Sonia Seda Gaztambide  
Clerk

