

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

**NEPR**

**Received:**

**Mar 25, 2022**

**1:57 PM**

**IN RE:**  
IN RE: PUERTO RICO ELECTRIC POWER  
AUTHORITY PERMANENT RATE

**CASE NO. NEPR-MI-2020-0001**

**SUBJECT: Motion in Compliance with Bench  
Orders and Submitting Revised FCA, PPCA  
and FOS Reconciliations and Revised  
Calculated Factors**

**MOTION IN COMPLIANCE WITH BENCH ORDERS AND SUBMITTING REVISED  
FCA, PPCA AND FOS RECONCILIATIONS AND CALCULATED FACTORS**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

**COME NOW LUMA Energy, LLC** (“ManagementCo”), and **LUMA Energy Servco, LLC** (“ServCo”), (jointly, “LUMA”), through the undersigned counsel, and respectfully state and request the following:

**I. Submission in Compliance with Bench Orders**

On March 15, 2022, LUMA filed with this Energy Bureau a *Motion Submitting Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors and Request for Confidential Treatment* (“March 15<sup>th</sup> Submission”). With the March 15<sup>th</sup> Submission, LUMA included supporting documentation on the calculated quarterly reconciliations for the Fuel Charge Adjustment (“FCA”) and the Purchased Power Charge Adjustment (“PPCA”) riders and the calculated factors for the FCA, PPCA and Fuel Oil Subsidy (“FOS”) riders to be applied during the period from April 1<sup>st</sup> until June 30<sup>th</sup>, 2022.

In a Resolution and Order issued on March 16, 2022, with the subject *Appearance for Technical Conference on Proposed Factors for April-May-June 2022 and Determination on Confidentiality* (translation provided) (“March 16<sup>th</sup> Order”). On pages 1 through 2 of the March

16<sup>th</sup> Order, this Energy Bureau directed that on or before March 18, 2022, at 10 a.m. LUMA should clarify certain information regarding the March 15<sup>th</sup> Submission.<sup>1</sup>

On March 18, 2022, LUMA submitted a motion entitled *Motion in Compliance with Resolution and Order of March 16, 2022*, whereby it submitted its responses to several of the requests included in the March 16<sup>th</sup> Order (requests 1 through 3 and 7).<sup>2</sup> LUMA accompanied the

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<sup>1</sup> Specifically, this Energy Bureau required the following:

- i. An update of the file “PRECIO PONDERADO DIRECTORADO DE GENERACIÓN@ noviembre 30, 2021,” with information up to an including February 28, 2022.
- ii. An update of the file “Precio Ponderado Análisis Revised 2021.11.30,” with information up to an including February 28, 2022.
- iii. A detailed description of the relevance of the file “Precio Ponderado Analisis \_ Revised - 2021.11.30.xlsx.” With said description, LUMA shall explain the origins of the information included in cells C10, C11, C24 and C25.
- iv. An estimate of the incremental cost of the use of diesel fuel in Units San Juan 5 and 6, relative to the cost if natural gas had been used, during the months of December 2021, January, and February 2022.
- v. The estimate of the penalties to which Naturgy Aprovevisionamientos, S.A. could be exposed for the breach of its obligation to provide natural gas to the Central Costa Sur for the period of December 1, 2021, to February 28, 2022.
- vi. A detailed description of the methodology used, including worksheets in native format, for the calculation of price estimates of the different types of fuel to be used during the period of April 1, 2022, to June 30, 2022, as detailed in the tab “Attachment 3” (corrida de “PROMOD”) of the file “APRIL-JUNE 2022 Factors - NEPR-MI-2020-0001.xlsx”.
- vii. The file "APRIL-JUNE 2022 Factors - NEPR-MI-2020-0001.xlsx" does not contain a tab titled "Attachment 7". In this tab LUMA presents the information related to the correction of the billing problems experienced during the months of June, July and August 2021. According to the documents presented during the reconciliation process that took place in December 2021, LUMA reported that, as of November 30, 2021, it was pending to bill the amount of \$252,989.87 for the FCA clause and \$85,691.32 for the PPCA clause. LUMA indicated that it would invoice these amounts during the quarter from December 2021 to February 2022. However, LUMA did not provide an update of this information. Therefore, LUMA must submit a new file "APRIL-JUNE 2022 Factors - NEPR-MI-2020-0001.xlsx" containing the aforementioned update. Failing that, LUMA must provide the reasons why such information should not be part of this process.

<sup>2</sup> Particularly, LUMA responded to items one (1) through three (3) and seven (7) of the March 16<sup>th</sup> Order.

submission with several spreadsheets and requested confidential treatment for those that included formulae and original calculations. On March 18, 2022, the Puerto Rico Electric Power Authority (“PREPA”) filed a Motion entitled *Moción en Cumplimiento de Orden Notificada el 16 de marzo de 2022*, whereby it filed responses to requests 4, 5 and 6 of the March 16<sup>th</sup> Order.

On March 21, 2022, a Technical Conference was held to discuss the March 15<sup>th</sup> Submission. LUMA representatives appeared and answered questions posed by this Energy Bureau. During the Technical Conference, the Energy Bureau issued bench orders requesting supplemental and revised information. In compliance with those bench orders, LUMA hereby submits as Exhibit 1, responses to the following requests:

1. Information regarding PREPA bank accounts, specifically its cash flow as well as their highest and lowest ending balances. With this Response, LUMA is submitted an excel spreadsheet entitled, PREPA Cash Account Balances-March 2021 to March 2022 PREB.xlsx,
2. A revised version of the Precio Ponderado Analisis file for Costa Sur, Palo Seco, and Cambalache, with references to where the numbers come from,
3. The historical nomination information for gas purchased since LUMA took over (June 2021) to today (March 2022) and any other communication regarding the nominations, and

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See Exhibit 1 (“Permanent Rate Request for Information”). In support of the responses included in Exhibit 1, LUMA is submitting the following:

- i. Public and Confidential updated versions of the spreadsheets PRECIO PONDERADO DIRECTORADO DE GENERACIÓN@ noviembre 30, 2021," and "Precio Ponderado Análisis Revised 2021.11.30," with information up to an including February 28, 2022, and supporting documents and spreadsheets, see file entitled Inventory 2022.02.08;
- ii. Exhibit 1 which includes, among others, the explanation requested in item three (3) of the March 16<sup>th</sup> Order; and
- iii. Public and confidential versions of the file entitled “FCA and PPCA Not Billed Reconciliation.xlsx,” that include the updated information on bill corrections and the spreadsheet entitled “APRIL-JUNE 2022 Factors - NEPR-MI-2020-0001.xlsx,” that was updated to reflect the unbilled information.

#### 4. Variance Analysis Presentation.

LUMA is also submitting with Exhibit 1, a document that explains the actions that it has undertaken to mitigate the impact of the increased fuel costs in January and February 2022 as well as the future increased costs in April, May, and June 2022.

LUMA respectfully requests that this Energy Bureau determine that it complied with the bench orders issued during the Technical Conference of March 25, 2022.

## **II. Submission of Revised FCA, PPCA and FOS Reconciliations and Calculated Factors**

### **A. Explanation on the Revised Submission**

As explained in Exhibit 1, in response the Energy Bureau's request made during the Technical Conference of March 21, 2022, LUMA made two revisions to the fuel inventory file entitled "Precio Ponderado Analisis \_ 2021.11.30.xls," that was submitted to this Energy Bureau. First, as further explained in Exhibit 1, a revision was made to the file entitled Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf. The initial third-party audit report provided to LUMA by PREPA ("Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf") had the incorrect numbers for the Cambalache plant. A revised version of the report was provided to LUMA on March 22, 2022. ("Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf"). Second, within the ("Precio Ponderado Analisis 2021.11.30.xls" and "SUMMARY 11.30.21 REVISED 3-22-22 tab") file J28 inventory report-, LUMA identified a formula error in column H, rows 11-14 and 23-33. A revised inventory adjustment file ("Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls") is being submitted with this Motion, which incorporates the revisions that are explained in Exhibit 1 to this Motion. LUMA reviewed previous filings and confirms that this was a one-time inadvertent error.

These two revisions resulted in revised reconciliations for December 2021, January 2022, and February 2022 and a revised proposed FCA factor. The result of these two revisions is an increase of \$713,380 or \$0.00017/kWh, a 0.09% change from the FCA reconciliation filed on March 18, 2022.

The following revised documents are submitted within the following files:

- Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls”
- QUARTER RECONCILIATION FILE DEC2021-JAN-FEB-2022 REVISED 3-22-2022.xls”
- APRIL-JUNE 2022 Factors - Revised 22.03.22.xls”

Based on updated fuel adjustment data from December and rectification of a formula error in the “Precio Ponderado Analisis\_2022.02.28 file.xls”, LUMA is submitting the following updated FCA reconciliation and factors.

For the month of December 2021, the Fuel Costs and the prior period adjustments were \$193,746,921.01 and revenues totaled \$167,226,739.52. There was a revenue insufficiency of \$26,520,181.49.

For the month of January 2022, the Fuel Costs and prior period adjustments were \$219,223,813.11 and revenues total \$191,010,135.41. There was a revenue insufficiency of \$28,213,677.70.

Lastly, for the month of February 2022, the Fuel Costs and prior period adjustments were \$225,900,306.05 and revenues total \$174,333,447.17. There was a revenue insufficiency of \$51,566,858.88.

The quarter total of Fuel Costs, and prior period adjustments (FCA), for the months of December 2021, January 2022, and February 2022, were \$638,871,040.17 and revenues totaled

\$532,570,322.10. There was a revenue insufficiency of \$106,300,718.07. The combination of changes to the data and calculations resulted in the FCA factor increase of \$0.00017/kWh.

The PPCA factor was not affected by the revisions to “Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls”.

## **B. Documents Submitted in Support of Revised Reconciliations and Calculated Factors.**

The following are the confidential and public documents that are submitted with this Motion:

### **i. Confidential Files**

APRIL-JUNE 2022 Factors - Revised 22.03.22.xlsx
Precio Ponderado Analisis _ 2022.02.28-revised on 3.22.22.xlsx
Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xlsx
QUARTER RECONCILIATION FILE DEC2021-JAN-FEB-2022 REVISED 3-22-2022.xlsx

### **ii. Public Folder, Values**

APRIL-JUNE 2022 Factors - Revised 22.03.22_ Values.xlsx
Precio Ponderado Analisis _ 2022.02.28-revised on 3.22.22_ Values.xlsx
Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22_ Values.xlsx
QUARTER RECONCILIATION FILE DEC2021-JAN-FEB-2022 REVISED 3-22-2022_ Values.xlsx
22-00057 FINAL REPORT END OF MONTH INVENTORY 28FEBRUARY2022 NO. 2 FUEL O....pdf
22-00058 FINAL REPORT END OF MONTH INVENTORY 28FEBRUARY2022 NO. 2 FUEL O....pdf
22-00059 FINAL REPORT END OF MONTH INVENTORY 28FEBRUARY2022 NO. 2 FUEL O....pdf
CERTIFICADO DE CANTIDAD - INVENTARIO FO @ PREPA PALO SECO SJ.pdf
Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios - Revised 22.03.22.pdf
Full Report 1310100016546 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M....pdf
Full Report 1310100016547 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M....pdf
Full Report 1310100016548 - PUERTO RICO ELECTRIC (BR) POWER

AUTHORITY, M....pdf
GA022161 PREPA CENTRAL SJ TANK TRUCK INVENTORY (Feb. 28, 2022).pdf
GA022166 PREPA Aguirre Tank Inventory (Feb 28, 2022).PDF
GA022170 PREPA YABUCOA TANK INVENTORY (Feb 28, 2022).pdf

### **III. Revised Calculated Factors**

The excel spreadsheet entitled: “April-June 2022 Factors-Revised 22.03.22” includes the revised calculations for the FCA, PPCA and FOS factors for the subject period.

LUMA respectfully requests that the Energy Bureau review the following calculated factors, applicable for the next quarter from April 1<sup>st</sup>, 2022, until June 30<sup>th</sup>, 2022:

**FCA** - \$0.194944

**PPCA** - \$0.031504

**FOS** - \$ 0.030158

*See* “April-June 2022 Factors Revised 22.03.22”, Attachments 1 and 2.

### **IV . Request for Confidential Treatment of Excel Files and Supporting Memorandum of Law.**

The confidential excel files mentioned in Section IIB of this Motion *supra*, that are being submitted with this Motion, include excel spreadsheets submitted in native format (.xls) and with formulae intact. They include formulae and original calculations made by LUMA personnel that reveal confidential procedures and include sensitive commercial information belonging to LUMA and/or PREPA and that are thus protected by law from disclosure and that should not be disclosed in native form.

#### **A. Applicable Laws and Regulation to submit information confidentially before the Energy Bureau.**

The bedrock provision on management of confidential information that is filed before this Bureau, is Section 6.15 of Act 57-2014, known as the “Puerto Rico Energy Transformation and

Relief Act.” It provides, in pertinent part, that: “if any person who is required to submit information to the Energy [Bureau] believes that the information to be submitted has any confidentiality privilege, such person may request the Commission to treat such information as such ....” 22 LPRA §1054n. If the Energy Bureau determines, after appropriate evaluation, that the information should be protected, “it shall grant such protection in a manner that least affects the public interest, transparency, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted.” *Id.*, Section 6.15 (a).

Relatedly, in connection with the duties of electric power service companies, Section 1.10 (i) of Act 17-2019 provides that electric power service company shall provide information requested by customers, except for confidential information in accordance with the Rules of Evidence of Puerto Rico.”

Access to the confidential information shall be provided “only to the lawyers and external consultants involved in the administrative process after the execution of a confidentiality agreement.” *Id.*, Section 6.15(b). Finally, Act 57-2014 provides that this Energy Bureau “shall keep the documents submitted for its consideration out of public reach only in exceptional cases. In these cases, the information shall be duly safeguarded and delivered exclusively to the personnel of the [Bureau] who needs to know such information under nondisclosure agreements. However, the [Bureau] shall direct that a non-confidential copy be furnished for public review”. *Id.*, Section 6.15 (c).

The Energy Bureau’s Policy on Confidential Information details the procedures that a party should follow to request that a document or portion thereof, be afforded confidential treatment. In essence, the referenced Policy requires identification of the confidential information and the ... filing of a memorandum of law explaining the legal basis and support for a request to file



information confidentially. *See* CEPR-MI-2016-0009, Section A, as amended by the Resolution of September 16, 2016, CEPR-MI-2016-0009. The memorandum should also include a table that identifies the confidential information, a summary of the legal basis for the confidential designation and a summary of the reasons why each claim or designation conforms to the applicable legal basis of confidentiality. *Id.* paragraphs 3. The party who seeks confidential treatment of information filed with the Bureau must also file both “redacted” or “public version” and an “unredacted” or “confidential” version of the document that contains confidential information. *Id.* paragraph 6.

The aforementioned Energy Bureau policy on management of confidential information in procedures states the following with regards to access to validated Trade Secret Information:

1. Trade Secret Information

Any document designated by the [Energy Bureau] as Validated Confidential information because it is a trade secret under Act 80-2011 may only be accessed by the Producing Party and the [Bureau], unless otherwise set forth by the [Bureau] or any competent court.

*Id.* Section D (on Access to Validated Confidential Information).

Relatedly, Bureau Regulation No. 8543, *Regulation on Adjudicative, Notice of Noncompliance, Rate Review, and Investigation Proceedings*, includes a provision for filing confidential information in adjudicatory proceedings before this honorable Bureau. To wit, Section 1.15 provides that, “a person has the duty to disclose information to the [Bureau] considered to be privileged information, request the [Bureau] the protection of said information, and provide supportive arguments, in writing, for a claim of information of privileged nature. The [Energy Bureau] shall evaluate the petition and, if it understands [that] the material merits protection,

proceed accordingly to ... Article 6.15 of Act No. 57-2015, as amended.” *See also* Bureau Regulation No. 9137 on *Performance Incentive Mechanism*, Section 1.13 (addressing disclosure before the Bureau of Confidential Information and directing compliance with Resolution CEPR-MI-2016-0009).

## **B. Grounds for Confidentiality**

Under the Industrial and Trade Secret Protection Act of Puerto Rico, Act 80-2011, 10 LPRA §§4131-4144, industrial or trade secrets are deemed to be any information:

- (a) That has a present or a potential independent financial value or that provides a business advantage, insofar as such information is not common knowledge or readily accessible through proper means by persons who could make a monetary profit from the use or disclosure of such information, and
- (b) for which reasonable security measures have been taken, as circumstances dictate, to maintain its confidentiality.

*Id.* §4131, Section 3 Act. 80-2011.<sup>3</sup> Trade secrets include, but are not limited to, processes, methods and mechanism, manufacturing processes, formulas, projects or patterns to develop machinery and lists of specialized clients that may afford an advantage to a competitor. *See* Statement of Motives, Act 80-2011. As explained in the Statement of Motives of Act 80-2011, protected trade secrets include any information bearing commercial or industrial value that the owner reasonably protects from disclosure. *Id.* *See also* Article 4 of Puerto Rico’s Open Data Law, Act 122-2019 (exempting the following from public disclosure: (1) commercial or financial information whose disclosure will cause competitive harm; (2) trade secrets protected by a

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<sup>3</sup> Relatedly, Rule 513 of the Rules of Evidence of Puerto Rico provides that the owner of a trade secret may invoke the privilege to refuse to disclose, and to prevent another person, from disclosing trade secrets, provide that these actions do not tend to conceal fraudulent actions or lead to an injustice. 32 P.R. Laws Annot. Ap. VI, R 513. If a court of law mandates disclosure of a trade secret, precautionary measures should be adopted to protect the interests of the owner of the trade secret. *Id.*

contract, statute or judicial decision (3) private information of third parties). *See* Act 122-2019, Articles 4 (ix) and (x) and (xi)).

The Puerto Rico Supreme Court has explained that the trade secrets privilege protects free enterprise and extends to commercial information that is confidential in nature. *Ponce Adv. Med. v. Santiago Gonzalez*, 197 DPR 891, 901-02 (2017) (citation omitted).

The excel spreadsheets that have been submitted today in native form and with formulae intact in the file entitled *Confidential* are protected as trade secrets. They have commercial value to LUMA and PREPA as they reveal confidential processes and analysis to produce calculations in support of the public filings of the proposed FCA, PPCA and FOS factors. LUMA and PREPA keep and maintain these native files confidentially and do not disclose them to the public nor to unauthorized third parties.

LUMA appreciates the importance of placing the Energy Bureau in the position of reviewing the reconciliations and fixing the annual factors. However, to avoid future competitive harms that could ensue if original format spreadsheets with formulae and calculations are publicly disclosed, LUMA respectfully request that the excel files submitted today in the file entitled *Confidential*, be received, kept and maintained confidentially by this Energy Bureau.

The confidential spreadsheets included in the file entitled *Confidential* are: (1) documents with commercial and financial value, and (2) involve data that **is not common knowledge or readily accessible** by third parties who may seek to profit from the data or gain commercial advantages. The spreadsheets are business documents showing processes, methods, and mechanisms, that garner protection under Act 80-2011. They are original documents that have not been disclosed to the third parties and whose disclosure would reveal sensitive and private commercial processes employed by LUMA and PREPA. The disclosure of this sensitive

commercial information would place LUMA and PREPA in vulnerable and disadvantageous commercial positions that could affect LUMA customers and impact rates. Reasonable measures have been taken to protect the files from disclosure and avoid unauthorized access by third parties that could seek to gain commercial advantages. It is respectfully submitted that the spreadsheets included in the file entitled *Confidential* are trade secrets protected from public disclosure by Act 80-2011.

**WEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned; **accept** the revised FCA, PPCA and FOS reconciliations and calculated factors; **grant** the request to keep confidentially the spreadsheets that have been submitted in excel format and with formulae intact and that are included in the file entitled *Confidential* that is submitted with this Motion; and **deem** that LUMA complied with the bench orders that were issued during the March 21<sup>st</sup> Technical Conference.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 25<sup>th</sup> day of March 2022.

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 counsel for PREPA Katiuska Bolaños-Lugo, [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law) and to the Independent Consumer Protection Office, through Director Hannia Rivera, [hrivera@oipc.pr.com](mailto:hrivera@oipc.pr.com).



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*Exhibit 1*  
Response

**Permanent Rate**  
**March 21, 2022 Technical Conference**  
**Docket ID: NEPR-MI-2020-0001**

**Response: TC-RFI-LUMA- NEPR-MI-2020-0001- PREB#001**

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**Subject:** Quarterly Factors for FCA and PPCA

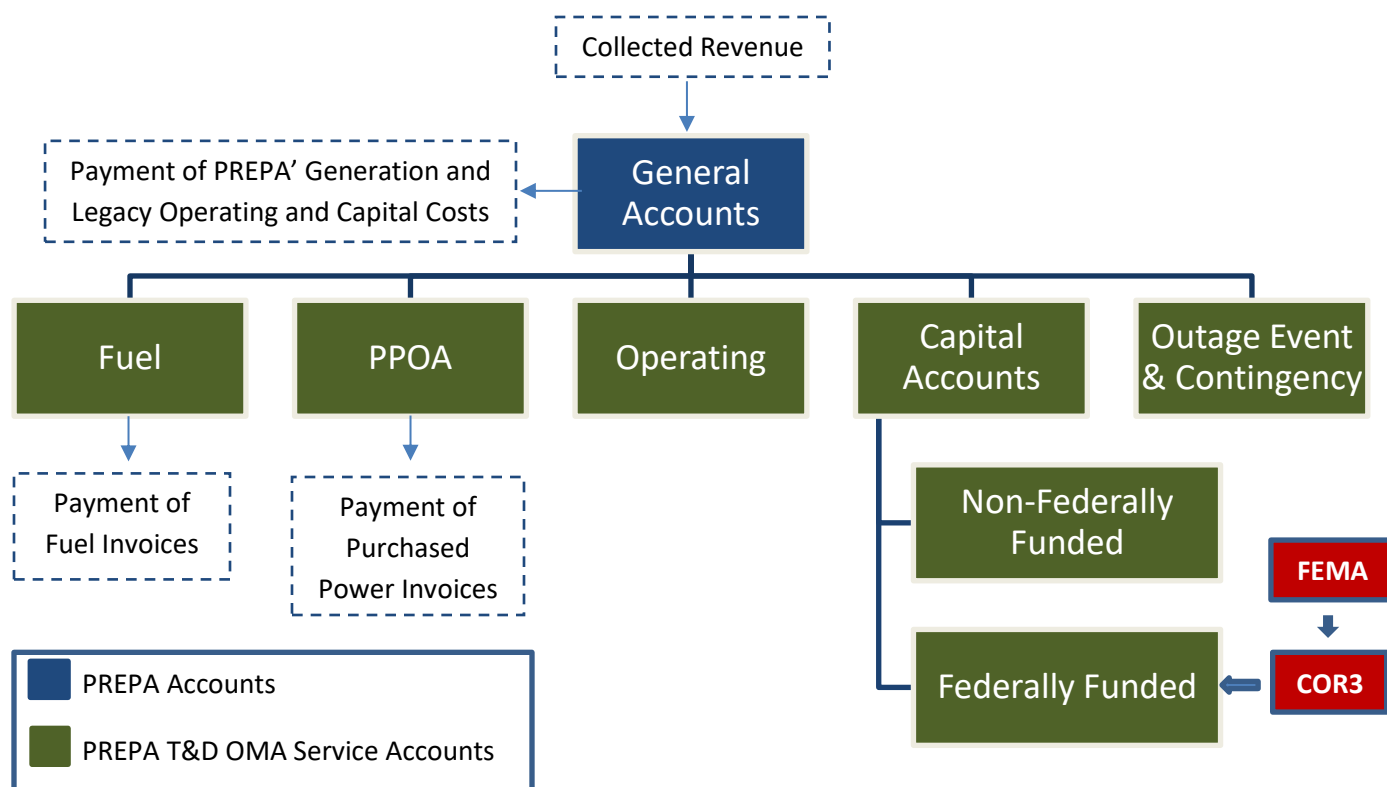
**Request:**

During the March 21, 2022, Technical Conference regarding the FCA and PPCA Quarterly factors, PREB requested information regarding PREPA bank accounts, specifically its cash flow as well as their highest and lowest ending balances.

**Response:**

In accordance with the Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA) executed by the Puerto Rico Electric Power Authority (PREPA), the Puerto Rico Public-Private Partnerships Authority (P3A), LUMA Energy and its subsidiary LUMA Energy ServCo, LLC (LUMA) and dated as of June 22, 2020, LUMA manages PREPA's accounts for the provision of O&M Services (Annex I).

LUMA is responsible for paying invoices from the funds within PREPA's accounts. PREPA approves all payments related to Generation and HoldCo activities. As manager of PREPA's financial accounts, LUMA is providing to the Energy Bureau information related to PREPA's accounts. Below is an illustrative diagram of how funds flow between PREPA's accounts:



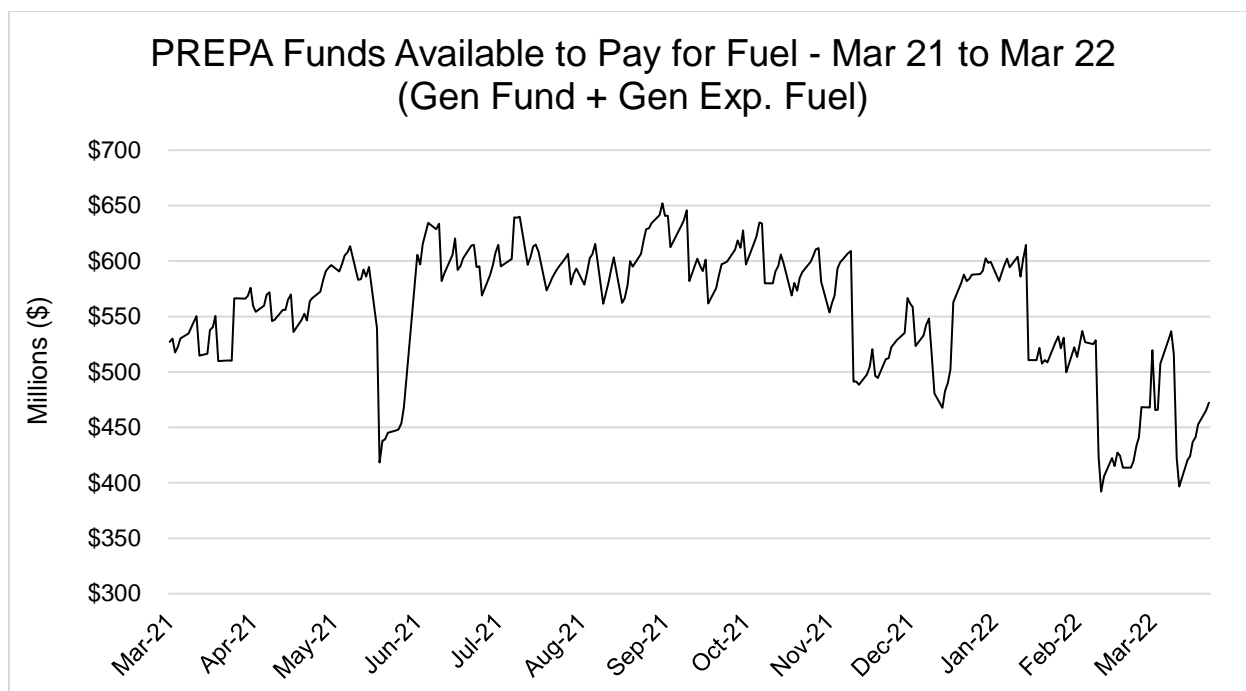
Prior to June 1, 2021, it is LUMA's understanding that PREPA used the General Accounts to pay for all costs and expenses. Upon commencement, the Service Accounts were established and following a transition, payments for costs and expenses related to T&D Pass-Through Expenses, T&D Capital Costs, Fuel and Purchase Power started to flow through the Service Accounts. PREPA's Generation, Legacy and Title III operating, and capital costs continue to be paid from PREPA's General Accounts.

Balances within the following accounts are available for payment of fuel costs (non-restricted cash) – General Accounts and Fuel Service Account. It should be noted that funds within the General Accounts are also needed to pay other costs, including but not limited to those mentioned above (Generation O&M, Legacy, and Title III).

As discussed during the Technical Conference, based on the March 11, 2022, account balances there was \$331 million within the General Accounts and \$65 million within the fuel account. Combined, the means that there was \$397 million (does not add due to rounding) available for fuel and other expenses.

The following graph illustrates the historic daily cash available to PREPA for fuel expenses from March 2021 to March 2022.





Over the last year, PREPA experienced its highest ending balance for fuel expenditures in August 2021 with an available total balance of \$652 million. In February 2022, PREPA experienced its lowest ending balance with an available total balance of \$392 million.

Note the change in balances in May 2021 was related to funding the Service Accounts prior to LUMA's commencement.

The variation in account balances has increased since November 2021. This trend is consistent with fuel price increases and resulted in greater volatility in the cash levels in PREPA's accounts available to pay for fuel.

There are a few items that could have been affecting and potentially impairing PREPA's cash flows in recent months and therefore could draw down on PREPA's cash balances.

### 1. Increase in Fuel Prices

Oil prices, and as a result Diesel and Bunker C, have been increasing since Fall 2021. Currently prices are 80% higher than they were in December 2021. This means reconciliations are larger and therefore PREPA is carrying higher costs before they are recovered through rates.

### 2. Covid-19

Since April 2020 there has been a moratorium on shut offs of electricity for all customers. For those customers who have not paid their bills, electricity continues to be provided and costs continue to be incurred, but not paid. The result is a growth in accounts receivables and increasing pressure on PREPA's cash reserves.

### 3. PREPA's Credit Limit in its Fuel Contracts

PREPA's fuel contracts have credit limits with respect to the amount payable that PREPA can have outstanding to fuel suppliers. Due to PREPA's increased Diesel and Bunker C consumption and the increased in the underlying fuel prices, PREPA has exceeded this credit limit. As a result, PREPA

required to pay invoices in advance of their due date in order to receive deliveries of fuel. At times this has resulted in more than a \$100 million dollar impact to cash balances.

#### **4. New Cash Needs for PREPA to Exit Bankruptcy**

It is anticipated that PREPA may have additional cash requirements as it gets closer to exiting Title III. These include payments of pending administrative claims and costs as determined by the court, advisor costs related to Title III exit.

Collectively these four factors have increased the potential cash requirements of PREPA as well as the volatility of the account balances.

## Request:

LUMA to submit a revised version of the Precio Ponderado Analisis file for Costa Sur, Palo Seco, and Cambalache, with references to where the numbers come from.

## Response:

LUMA has made two separate fuel inventory revisions within the “Precio Ponderado Analisis \_ 2021.11.30.xls” file submitted as part of the 22.03.15\_Quarterly Factors docket.

### 1) Audit Report

The initial third-party audit report provided to LUMA by PREPA (“Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf”) had the incorrect numbers for the Cambalache plant. A revised version of the report was provided to LUMA on March 22, 2022. (“Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf”) The revisions within the report are show in Figures 2.1 and 2.2 below.


**Figure 2.1 Original “Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf” report**

PUERTO RICO ELECTRIC (B/R) POWER AUTHORITY  
P.O. BOX 4267  
00936 SAN JUAN  
Puerto Rico  
Mr. M. Rios  
CAM-TANK-INVENTORY-2-22 / 08068

Job No 13101/00016545.0000/01/1/22  
Report date 01 Mar 2022  
Installation Arecibo, Puerto Rico, Puerto Electric Power Auth.

**Shore tank CAM-TANK INVENTORY-2-22**  
**Product No 2 FUEL OIL**

Survey date: 28-Feb-2022



**Saybolt**  
A CORP. LABORATORIES COMPANY

Shore tank Subtotals	Shore Tank Inventory Subtotals		
	Totals	D-1	D-3
<b>Gross Standard Volume</b>			
Cu m 60°F	626.568	301.607	324.961
Barrels 60°F	3,940.99	1,897.05	2,043.94
US gallons 60°F	165,521.55	79,676.05	85,845.50
Metric Tons Vac	527.041	253.933	273.108
Metric Tons Air	526.368	253.609	272.759
Long Tons Air	518.055	249.604	268.451
Short Tons Air	580.221	279.556	300.665
Pounds Air	1,160,442.68	559,112.81	601,329.87
<b>Density 15°C</b>		0.8423	0.8408
API 60°F		36.40	36.70
RD 60/60°		0.8428	0.8413
<b>Total Calculated Volume</b>			
Barrels 60°F	3,956.67	1,899.04	2,057.63
US gallons 60°F	166,179.97	79,759.51	86,420.46

**Figure 2.2 Revised “Full Report 1310100016545 - PUERTO RICO ELECTRIC (BR) POWER AUTHORITY, M. Rios.pdf” report**

PUERTO RICO ELECTRIC (B/R) POWER AUTHORITY  
P.O. BOX 4267  
00936 SAN JUAN  
Puerto Rico  
Mr. M. Rios  
CAM-TANK-INVENTORY-2-22 / 06068  
Job No 13101/00016545.0000/01/1/22  
Report date 01 Mar 2022  
Installation Arecibo, Puerto Rico, Puerto Electric Power Auth.



Shore tank CAM-TANK INVENTORY-2-22  
Product No 2 FUEL OIL

Survey date: 28-Feb-2022

Shore Tank Inventory Subtotals			
Shore tank Subtotals	Totals	D-1	D-3
<b>Gross Standard Volume</b>			
Cu m 60°F	12,667.480	12,667.480	
Barrels 60°F	165,521.55	79,676.05	85,845.50
US gallons 60°F	3,346,394.10	3,346,394.10	
Metric Tons Vac	10,665.178	10,665.178	
Metric Tons Air	621,277.490	10,651.591	610,625.899
Long Tons Air	611,813.235	10,483.365	601,329.870
Short Tons Air	685,230.823	11,741.369	673,489.454
Pounds Air	1,370,461,646.00	23,482,738.00	1,346,978,908.00
<b>Density 15°C</b>			
API 60°F		0.8423	
RD 60/60°		36.40	-128.34
		0.8428	
<b>Total Calculated Volume</b>			
Barrels 60°F	166,179.97	79,759.51	86,420.46
US gallons 60°F	3,374,047.74	3,349,899.42	24,148.32

## 2) Change in Formula

Within the (“*Precio Ponderado Analisis 2021.11.30.xls*” and “*SUMMARY 11.30.21 REVISED 3-22-22 tab*”) file -, LUMA identified a formula error in column H, rows 11-14 and 23-33. The original formula subtracted the values in Column B: “Actual Storage” from Column E: “J-28 Report Inventory” instead of subtracting Column E: “J-28Report Inventory” from the “Actual Storage”.

A revised inventory adjustment file (“*Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls*”) has been submitted reflecting this revision. LUMA reviewed previous filings and confirms that this was a one-time inadvertent error. LUMA is performing an investigation and will review procedures to reduce future discrepancies.

Please find the change in formula within Figure 2.2 and 2.3 below. illustrated below in figures 2.1-2.4.

**Figure 2.1: Original “Precio Ponderado Analisis \_ 2021.11.30.xls”**

No. 6 Fuel Oil							
Site	Actual Storage	In Storage Price/BBL	Inventory (\$)	J-28 Report Inventory	Price/BBIs	Total Fuel	Diff BBIs
AGUIRRE	251,274.36	92.0576	23,131,714.52	251,274.35	91.48	22,987,457.09	(0.01)
COSTA SUR	232,781.70	66.6949	15,525,352.20	247,067.04	80.93	19,995,061.43	14,285.34
PALO SECO	233,019.88	91.5673	21,337,001.26	268,511.34	91.39	24,540,271.71	35,491.46
SAN JUAN	97,107.93	92.2079	8,954,118.30	85,887.96	92.64	7,956,883.92	(11,219.97)
TOTAL	814,183.87		68,948,186.28	852,740.69		75,479,674.15	38,556.82

The formula shows the calculation within the filing on March 15, 2022, where Column B is subtracted from Column E.

Figure 2.3: Revised “Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls”

Site	Actual Storage	In Storage Price/BBL	Inventory (\$)	J-28 Report Inventory	Price/ BBIs	Total Fuel	Diff BBIs	Diff Inventory
AGUIRRE	251,274.36	92.0576	23,131,714.52	251,274.35	91.48	22,987,457.09	0.01	0.83
COSTA SUR	232,781.70	66.6949	15,525,352.20	247,067.04	80.93	19,995,061.43	(14,285.34)	(952,759.32)
PALO SECO	233,019.88	91.1715	21,244,771.99	268,511.34	91.39	24,540,271.71	(35,491.46)	(3,235,809.65) *
SAN JUAN	97,107.93	91.8351	8,917,916.46	85,887.96	92.64	7,956,883.92	11,219.97	1,030,387.07 *
TOTAL	814,183.87	84.5261	68,819,755.18	852,740.69		75,479,674.15	(38,556.82)	(3,158,181.07)

\* Revised Precio Ponderado file (weighted price/ barrel) as received on 2/1/2022 from PREPA

Figure 2.3 shows the revised calculation where Column E is subtracted from Column B.

These two revisions resulted in revised reconciliations for December 2021, January 2022, and February 2022 and a revised proposed FCA factor. The result of these two revisions is an increase of \$713,380 or \$0.00017/kWh, a 0.09% change from the FCA filed on March 18, 2022.

The following revised documents are submitted within the following files:

- *Precio Ponderado Analisis 2021.11.30 Revised on 3.22.22.xls*
- *QUARTER RECONCILIATION FILE DEC2021-JAN-FEB-2022 REVISED 3-22-2022.xls*
- *APRIL-JUNE 2022 Factors - Revised 22.03.22.xls*

## Request:

LUMA to provide the historical nomination information since LUMA took over (June 2021) to today (March 2022) and any other communication regarding the nominations.

## Response:

Prior to commencement on June 1, 2021, gas nominations were performed by PREPA's System Operations group, then referred to as DOSE (Division Operacion Sistema Electrico).

After commencement, LUMA's System Operations group no longer had a direct role in gas nominations. In accordance with the T&D OMA Exhibit H page II-4 "...GenCo shall (directly or through one or more agents or managers appointed by it) be responsible for managing, procuring, nominating, scheduling, and coordinating the transportation and delivery of all the fuel requirements of each Generating Facility.."

After commencement, and prior to December 2021, LUMA did not provide PREPA with fuel nomination information and it was not requested by PREPA. Fuel nominations are not in the scope of LUMA's O&M Services and are not included in the scope of Shared Services.

In December 2021, PREPA requested for LUMA to provide data for fuel nominations starting in January 2022. Through several discussions, LUMA understood that it would take some time for PREPA to become self-sufficient with the task. In order to support efficient generation operations, LUMA accepted to help PREPA with this task on a limited basis until such time as PREPA could perform the activity itself. LUMA's limited activities included providing data to PREPA to support their nomination process.

LUMA included the following qualifier statement within the documentation provided to PREPA, clarifying that the information provided by LUMA was for PREPA's use in order for PREPA to prepare and complete their fuel nominations to their fuel suppliers.

*The information attached has been requested and for the exclusive use of PREPA. The information is intended to be used by PREPA for various purposes including assisting in their preparation of their nominations of fuel usage. The forecasted generation relied upon assumptions for Capacity Limitations, and Generation Outage Schedules provided by PREPA. LUMA Energy does not assume any responsibility for the Fuel Nominations that PREPA will prepare with this information, and any adjustments to be made to this information will be result from criteria and analysis performed by PREPA.*

In order to provide the information to PREPA, LUMA followed the same analytic process that PREPA followed for calculation of fuel requirements prior to commencement of LUMA operations. LUMA provided fuel nomination only for natural gas and no estimates of liquid fuels were prepared. Currently, LUMA is in the process of transitioning over the "PCS Model" to PREPA which is a proprietary software model used to calculate unit commitments and data for fuel nominations.

Fuel nominations are due by the 5<sup>th</sup> of the month for the next 3-month period excluding current month. For example: the forecast sent by LUMA on March 5 will provide nomination for April, May, and June.

The steps that are followed to provide data for fuel nominations are as follows:

1. LUMA reviews the planned Generation outages with PREPA, as well as plant availability, forced outages and limitations, frequency regulation modes, operational ranges for each unit in the next 3 months. (These are used as inputs for the PCS model)

2. PREPA provides LUMA the updated fuel costs and fuel mix by power plant for the period of the upcoming study. (These are used as inputs for the PCS model)
3. LUMA updates all information for previous months in the PCS software to reflect updated information.
4. The PCS model is run for the next period. The output of this model is an hourly generation unit commitment (MWh/unit) and energy volumetry (BTU and SCF).
5. The results are sorted by Costa Sur, EcoElectrica and San Juan Combined Cycle units and sent to PREPA fuel office.

PREPA also requested LUMA a yearly and quarterly Natural Gas nomination for the year 2022. This is a yearly request. The process is essentially the same as the monthly process but with a yearly period. LUMA prepared this once at PREPA's explicit request but in the future, it will be performed by PREPA.

**Request:**

LUMA to provide Variance Analysis Presentation

**Response:**

The Variance Analysis Presentation is submitted in a separate document entitled “Q3 FY2022 Quarterly Variance Report.pdf” within this filing.



# FCA – PPCA Variance Discussion

*Reconciliation period from December 2021  
to February 2022*

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## Appendix

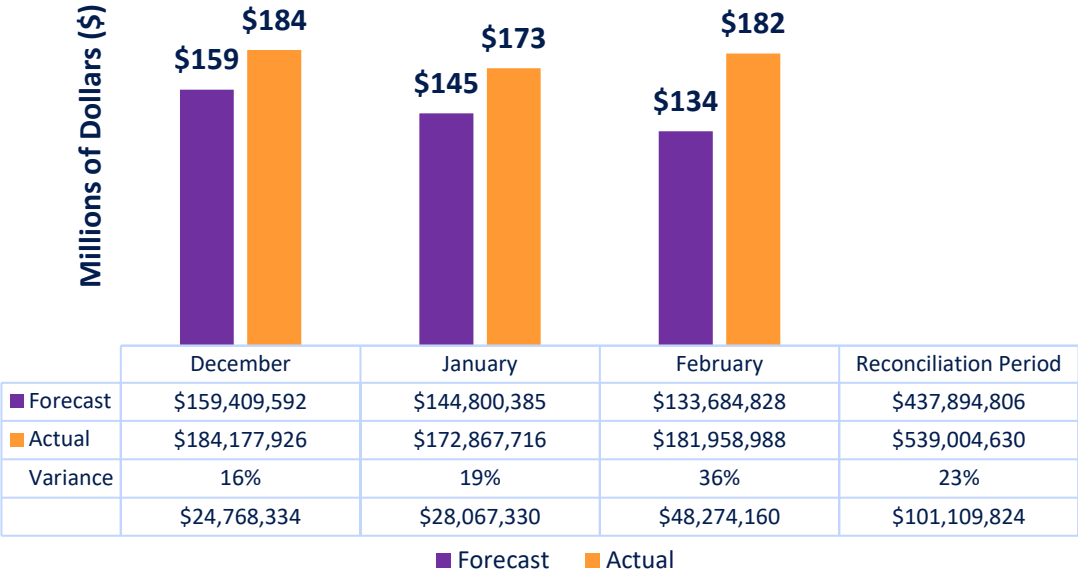
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# **Fuel Cost Variance**

## ***December 2021-February 2022***

# Actual fuel expenditure for this Q3 reconciliation period was 23% higher than projected in our December forecast

## Fuel Costs under FCA

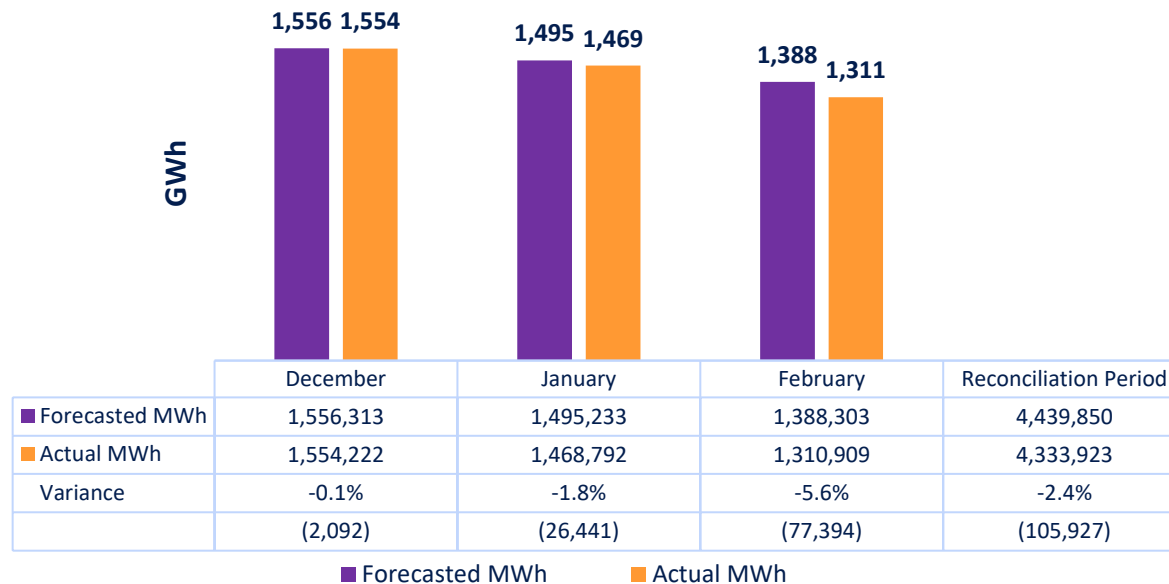


### 3-month Total Fuel Cost Comparison:

- Forecasted: \$ 437.9 Million
- Actual: \$ 539 Million
- Variance: 23% (\$101.1 Million)

# Actual electric generation provided to all customers for this Q3 reconciliation period was approximately 2 % lower than projected

## Generation under FCA & PPCA

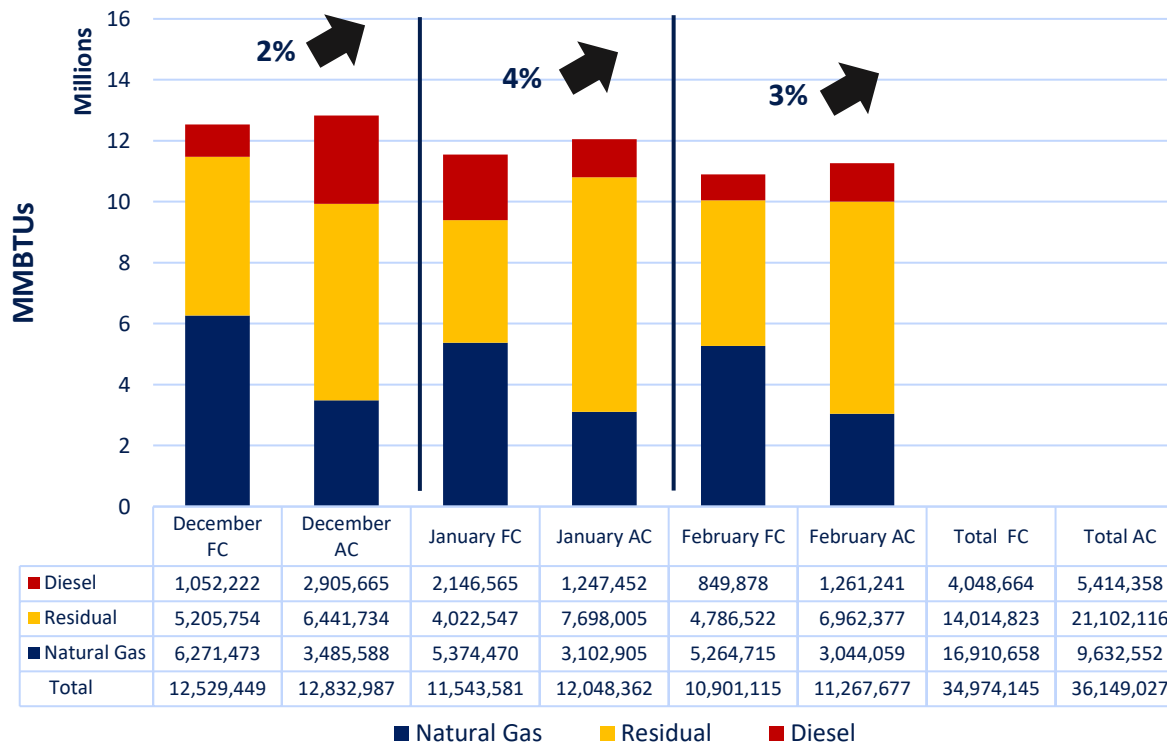


## 3-month Total Generation Comparison:

- Forecasted: 4,439,850 MWh
- Actual: 4,333,923 MWh
- Variance: -2.4% (105,927 MWh)

# MMBtu consumption was 3% higher than forecast, driven by a higher consumption of less efficient fuels and dispatch choices <sup>(1)</sup>

Fuel Consumption by Type under FCA



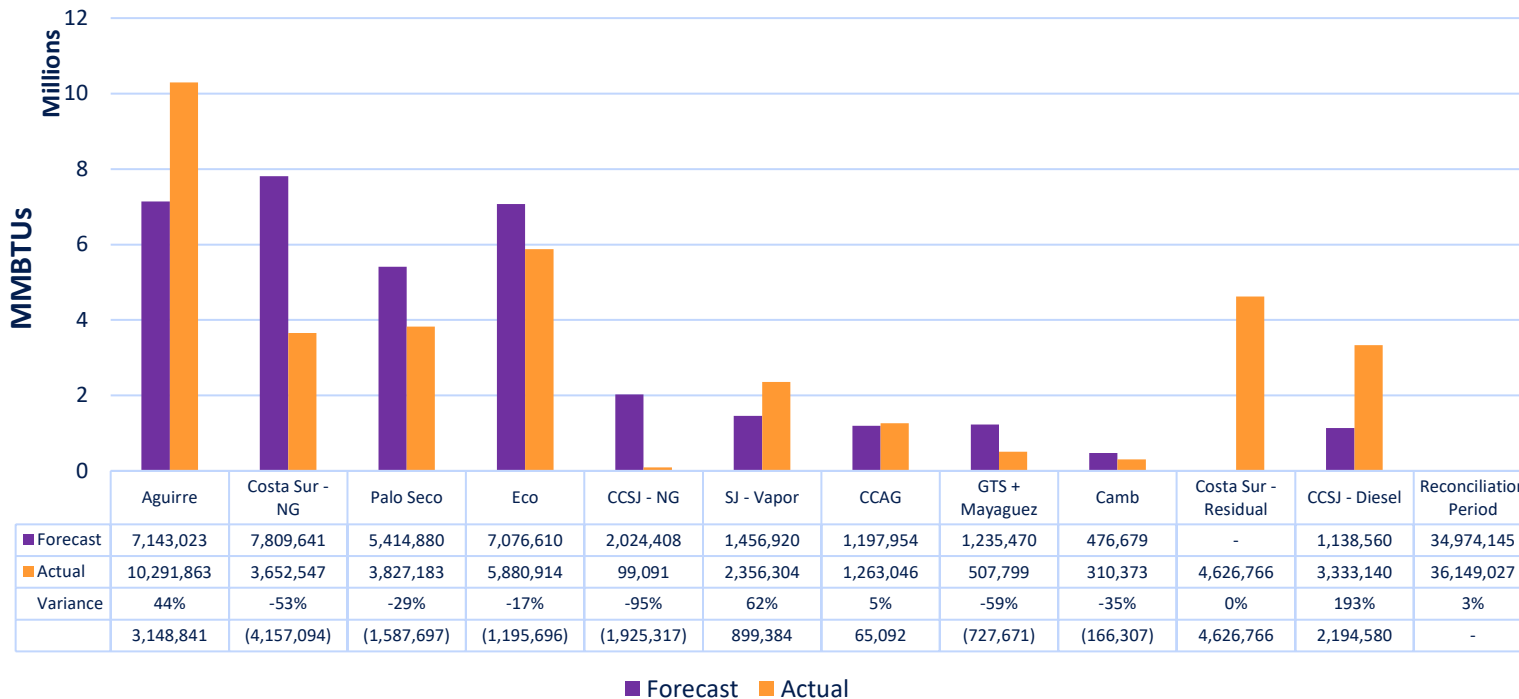
## 3-month Total Consumption Comparison:

- Forecasted: 34,974,145 MMBtu
- Actual: 36,149,027 MMBtu
- VARIANCE: 3% (1,174,882 MMBtu)

Fuel Type	Forecast	Actual	% Variance
Residual	14,014,823	21,102,116	51%
Diesel	4,048,664	5,414,358	34%
Natural Gas	16,910,658	9,632,552	-43%
<b>Total</b>	<b>34,974,145</b>	<b>36,149,027</b>	<b>3.4%</b>

# The quarter saw greater production by Aguirre and less production by Palo Seco and Ecoeléctrica, in addition to fuel switching decisions by PREPA

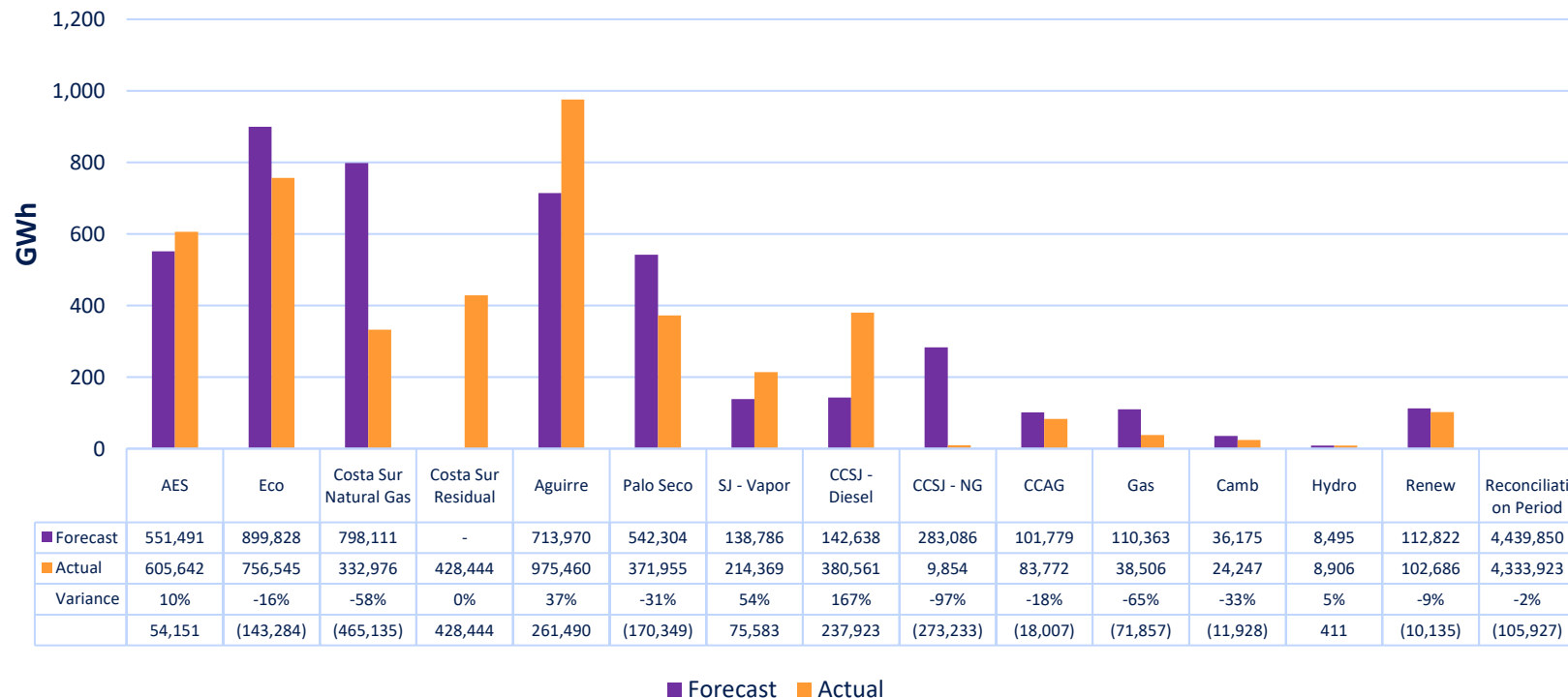
Fuel Consumption by Plant under FCA



- Costa Sur burned approximately 56% of its MMBtus by Residual instead of Natural Gas.
- San Juan CC burned almost all its consumption in Diesel, instead of the 75% natural gas profile assumed in model.
- Aguirre MMBtu consumption more than anticipated due to some scheduled maintenance activities not taking place.

# Residual fuel and diesel was used in place of natural gas that was planned in the forecast model

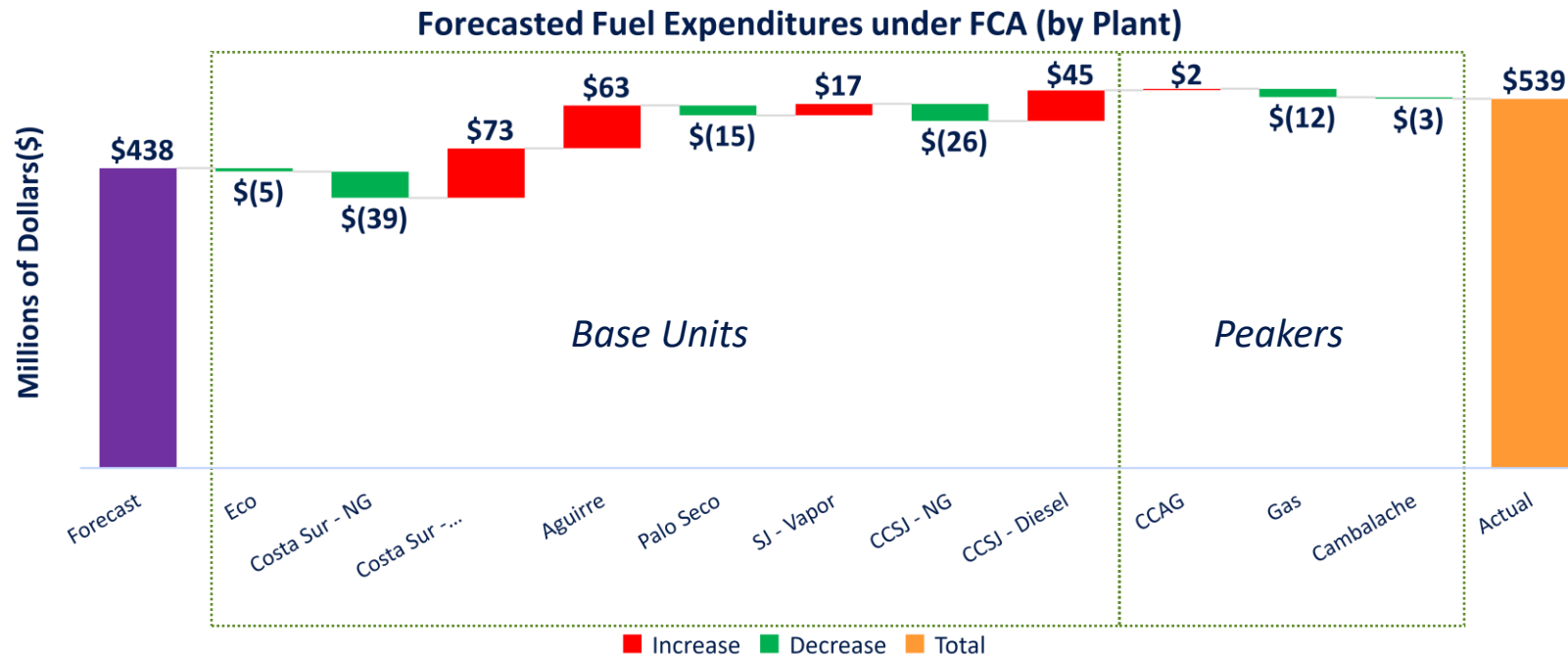
Generation by Plant under FCA & PPCA



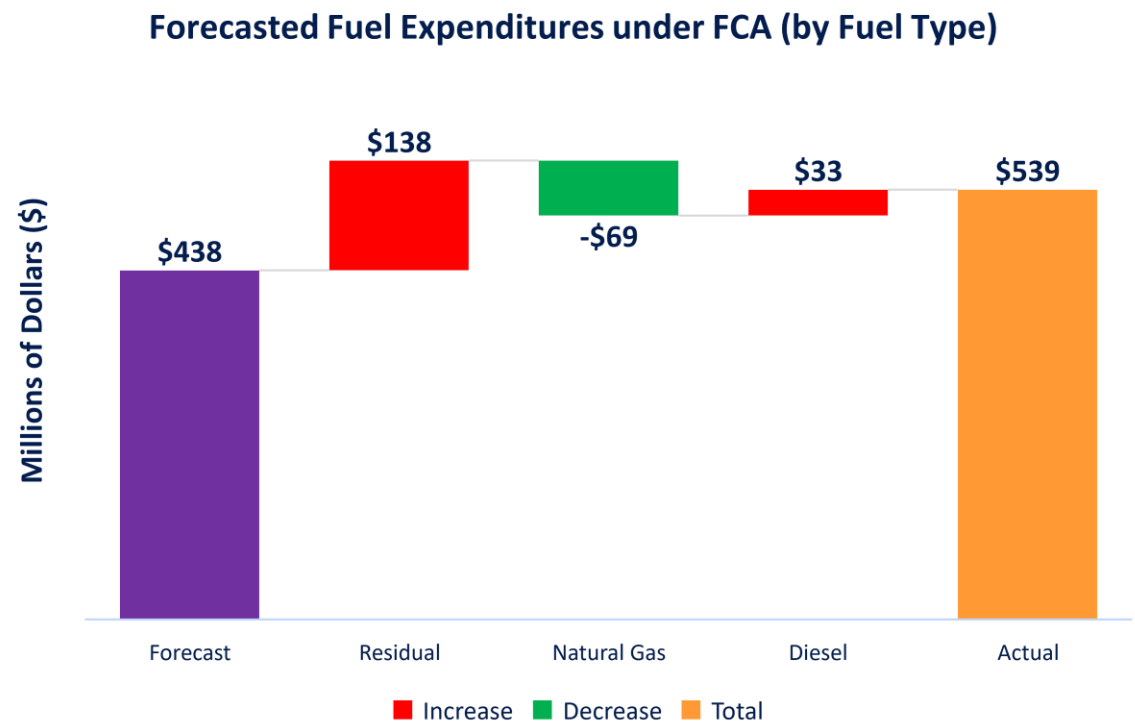
- Ecoeléctrica generation less than forecast due to operational issues.
- Peaker usage considerably less than forecasted.



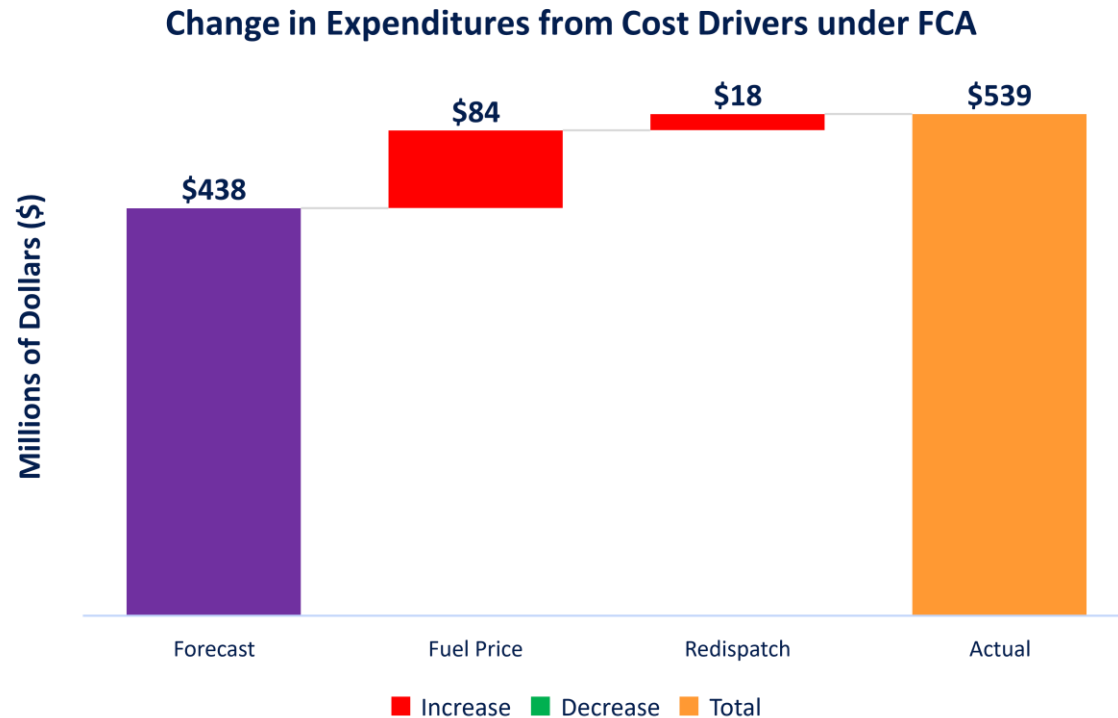
# Total dollar variance largely resulted from use of Residual and Diesel at San Juan and Costa Sur plus greater production from Aguirre (by plant view)



**Total dollar variance largely resulted from use of Residual and Diesel at San Juan and Costa Sur plus greater production from Aguirre (by fuel type)**



# Higher fuel prices were the main contributor to variance in fuel expenditures for this reconciliation period (by cost driver)



	Forecast	Actual	Variance
Generation (MWH)	4,439,850	4,333,923	-2.4%
Production Cost (\$/MWH)	\$98.63	\$124.37	26%
Fuel Consumption (MMBtu)	34,974,145	36,149,027	3.4%
Fuel Cost (\$/MMBtu)	\$12.52	\$14.91	19%

- Some reasons for variance could be attributed to either fuel price or redispatch and judgement was applied in these cases.

## Methodology

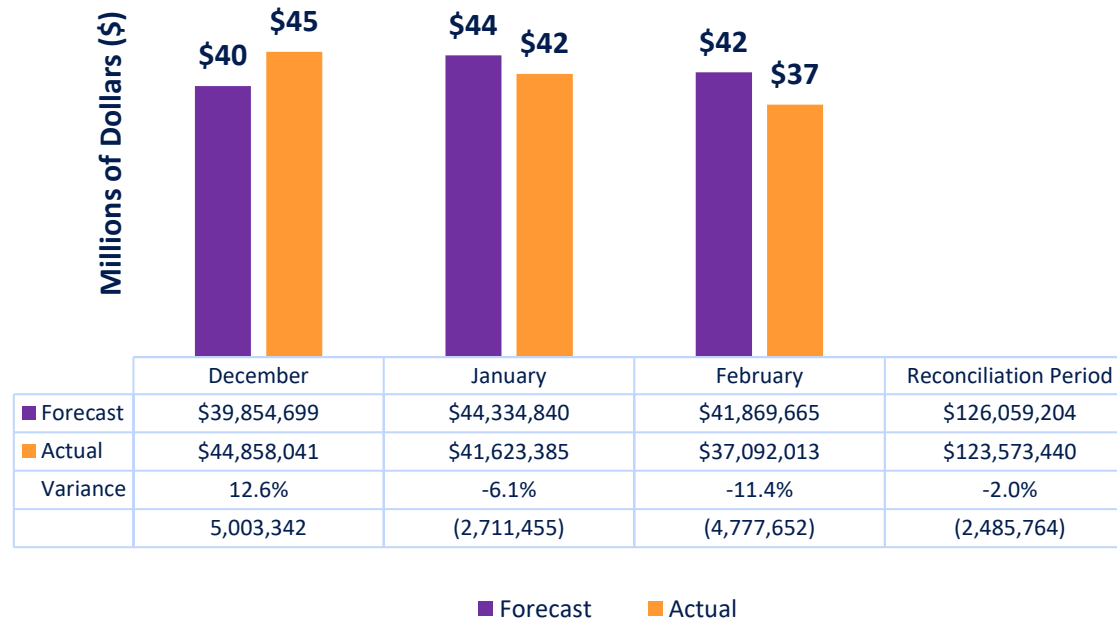
- Fuel Price variance = Forecasted MMBtu consumption x (Actual \$/MMBtu – Forecasted \$/MMBtu)
- Redispatch variance= Actual \$/MMBtu x (Actual MMBtu consumption – Forecasted MMBtu consumption)

# **Power Purchase Variance**

## ***December 2021-February 2022***

# Purchased power costs for this reconciliation period were 2% less than projected

## Purchase Power Costs under PPCA

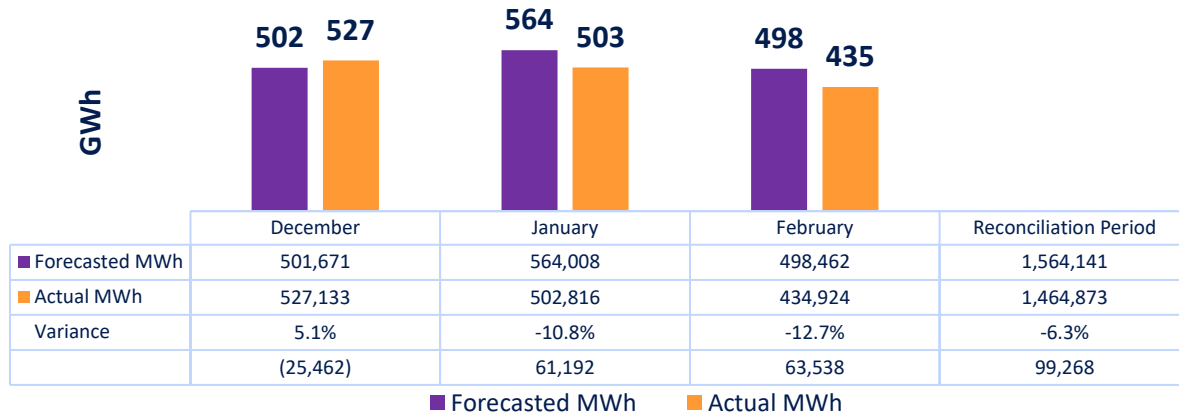


## 3-month Power Purchase Cost Comparison:

- Forecasted: \$ 126,059,204 Million
- Actual: \$ 123,573,440 Million
- VARIANCE: -2% (\$2,485,764 Million)

# Purchased power production was approximately 6% lower than projected as a result of outages which had previously been deferred occurring in this quarter

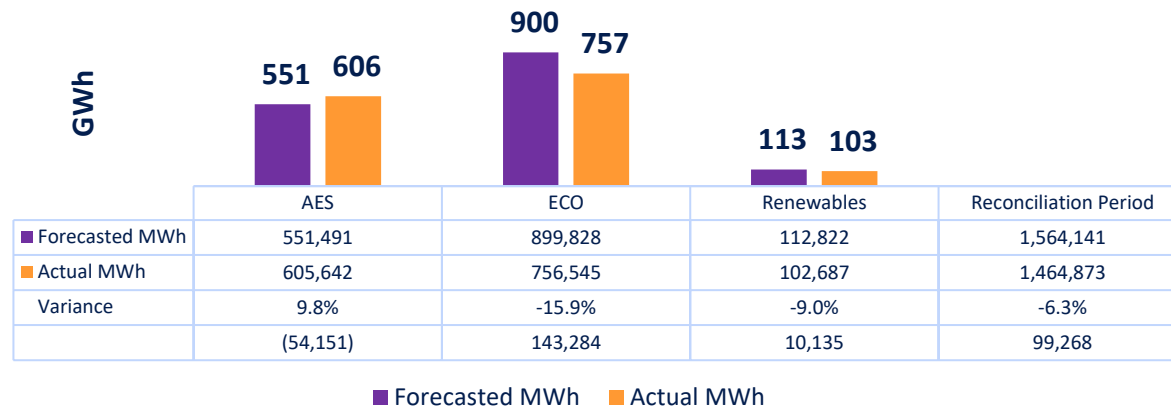
Purchased Power Generation under PPCA



## 3-month Power Purchase Generation Comparison:

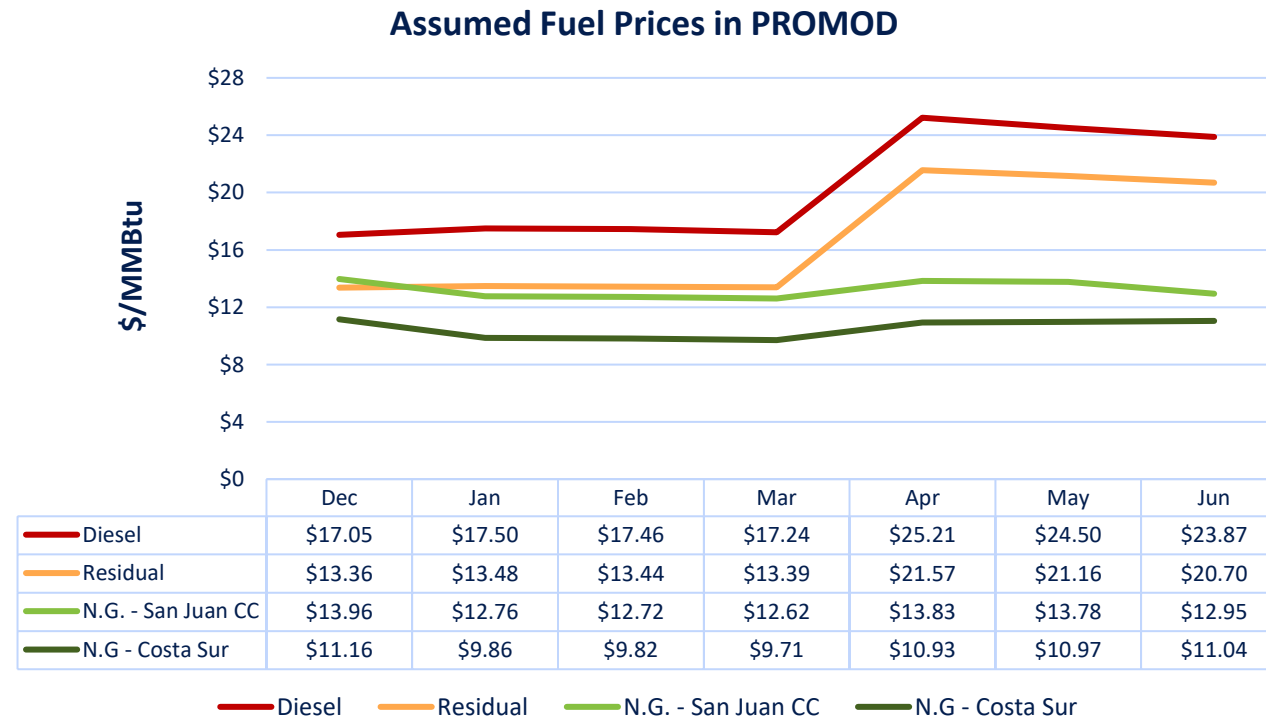
- Forecasted: 1,564,141 MWh
- Actual: 1,464,873 MWh
- VARIANCE: -6.3% (99,268 MWh)

Purchased Power Generation under PPCA



# Appendix

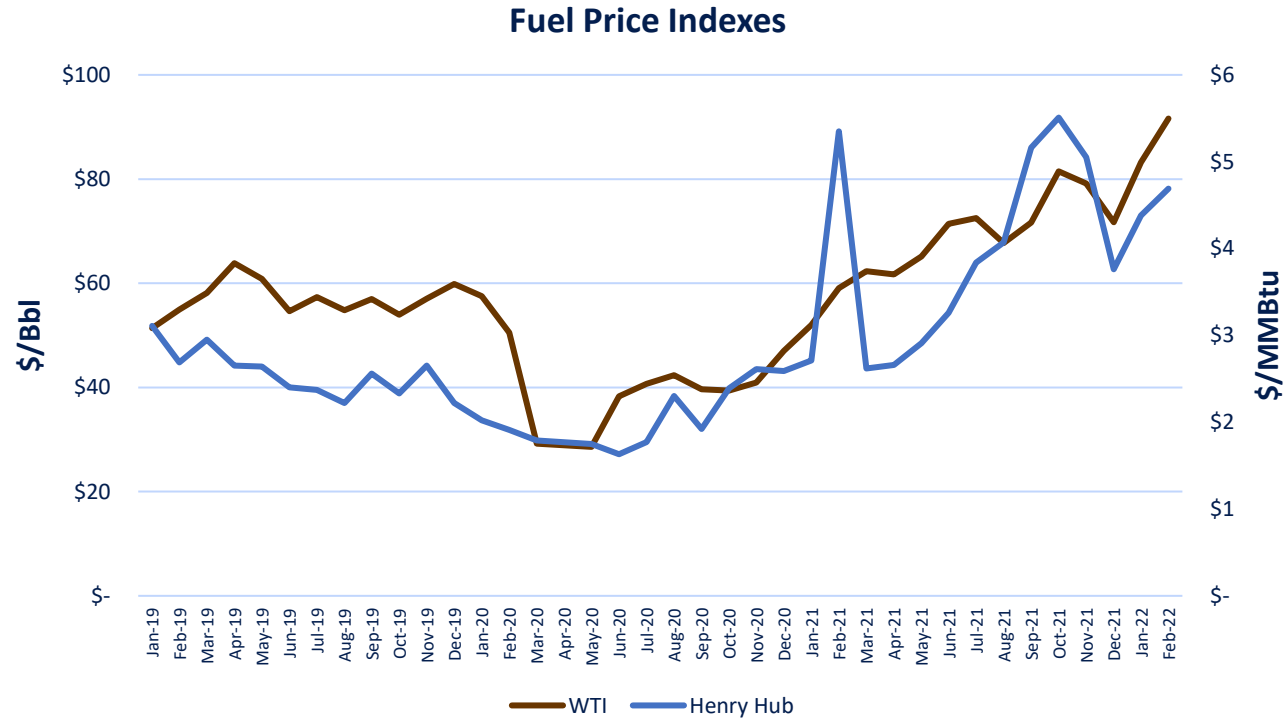
# Fuel Price Forecast used in PROMOD simulations



Numbers shown are from PROMOD run done on March 11<sup>th</sup>



# Henry Hub & WTI



**Request:**

Within the Resolution and Order issued on March 16, 2022, the Energy Bureau requested for any action taken by LUMA or PREPA to mitigate the impact of the increased costs in January and February 2022 as well as the future increased costs in April, May, and June 2022.

**Response:**

Please find attached “22.03.21\_Mitigating Actions.pdf” describing LUMA’s actions to help our customers with the price of electricity. Through various channels LUMA is communicating with customers on the assistance available to customers and supporting payments to households.



# LUMA'S MITIGATING ACTIONS

# LUMA Actions to help our customers

- **Payment Plans/Assistance:** LUMA has set up over 9,200 payment arrangements and supported more than 1,000,000 payments to households in receiving \$27.5 million in assistance from the La Familia Low-Income Home Energy Assistance Program (LIHEAP), the COVID Rental Assistance program and other programs to support people in need.
- **Social Media Posts:** Since December 2021, LUMA has posted more than 40 times promoting financial assistance programs and payment plans via our social media platforms (Facebook/Twitter/Instagram).
- **News Articles/Op-Ed:** LUMA has promoted financial assistance programs in the news media including an Op-Ed published in December 2021.
- **Bill Inserts:** LUMA has sent three bill inserts regarding financial assistance programs to its more than 1.4 million customers (more than 3 million bill inserts in total)
- **Website:** LUMA has a dedicated page on its website with information about financial assistance programs: [lumapr.com/residencial/#pagar-mis-facturas](https://lumapr.com/residencial/#pagar-mis-facturas)
- **Partnering with Municipalities:** LUMA is working with Mayors and providing handouts and information to increase public awareness regarding these programs.



# Financial Assistance Programs

- **Puerto Rico Rent Payment Assistance Program:** Assists renters that are having difficulty paying rent or utilities.  
[ayudaparaturenta.com](http://ayudaparaturenta.com)
- **Low Income Home Energy Assistance Program (LIHEAP):** Assists eligible low-income households with energy costs and more.  
[pr.gov/Pages/ayuda-energia.aspx](http://pr.gov/Pages/ayuda-energia.aspx)
- **Coronavirus Aid, Relief and Economic Security Act (CARES):** Provides economic assistance for workers and businesses affected by the COVID-19 pandemic.  
[usa.gov/help-with-bills](http://usa.gov/help-with-bills)
- **Weatherization Assistance Program (WAP):** Helps low-income families achieve a reduction in domestic energy consumption.  
[energy.gov/eere/wap/weatherization-assistance-program](http://energy.gov/eere/wap/weatherization-assistance-program)
- **Temporary Assistance for Needy Families (TANF):** Assists individuals and families that do not have the financial resources to meet their basic needs.  
[benefits.gov/es/benefit/613](http://benefits.gov/es/benefit/613)



LUMA is here to help and find a solution that works best for you. Call us at **1-844-888-5862** or use the **Mi LUMA app** to submit a “Payment Plan Request”.

