

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

NEPR

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IN RE: REVIEW OF LUMA'S
INITIAL BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Motion Submitting Fiscal Year
2022 Budget Amendment**

MOTION SUBMITTING FISCAL YEAR 2022 BUDGET AMENDMENT

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. On February 24, 2021, LUMA filed before the Energy Bureau of the Public Service Regulatory Board its *Petition for Approval of Initial Budgets and Related Terms of Service* (the “Petition for Approval”) under Act 57-2014, as amended, and pursuant to the *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement* of June 22, 2020 (the “T&D OMA”). The Petition for Approval was filed based on the information available and known to LUMA at the time of its filing and on the assumptions of the 2020 PREPA Fiscal Plan certified by the Financial Oversight and Management Board for Puerto Rico (“FOMB”).

2. On May 31, 2021, this honorable Bureau entered a Resolution approving the Proposed Budget for Fiscal Year 2022.

3. Section 7.3(e) of the T&D OMA provides that LUMA may amend the approved Operating and Capital Budgets for a given Contract Year, provided that such amendment is compliant with the applicable Rate Order. *See*, Section 7.3(e) of the T&D OMA.

4. On July 16, 2021, LUMA requested a modification of the Approved Budgets for FY2022 to reflect updated assumptions resulting from the annual fiscal plan development and certification process within the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) Title III proceeding during Spring 2021. The July 16, 2021 budget amendment application reflected an updated load and revenue forecast with more recent consumption data, updated macro-economic data and assumptions including PREPA's timing of Title III exit.

5. Pursuant to Section 7.3(e) of the T&D OMA, LUMA hereby submits as *Exhibit I* a Revised Budget Amendment for Fiscal Year 2022 which purpose is to maintain a budget that accurately reflects changes in LUMA's executed and remaining planned expenditures for FY2022.

6. The revised amendment includes modifications to reflect the updated 2021 Fiscal Plan assumptions in line with the July 16, 2021 application and a reallocation of budget between the Capital – Non-Federally Funded Budget and Operations Budget. This budget amendment reallocates to reflect higher than anticipated operating expenditures and lower than expected non-federally funded capital expenditures for FY2022. *See*, revised Schedules 5.1 through 5.6 attached as *Exhibit I*.

7. ***The modifications proposed do not result in increased customer base rates, and do not result in an increase to LUMA's aggregate expenditures.*** Consequently, the *aggregate* Operating Expenditures presented in Schedule 5.2 and the non-federally funded capital Improvement Program costs presented in Schedules 5.4 and 5.5. and Appendix D of LUMA's February 24, 2021 Initial Budgets application and approved in the Bureau's May 31, 2021 Resolution & Order remain unchanged.

WHEREFORE, LUMA respectfully requests this Honorable Bureau **review** and **approve** LUMA's Fiscal Year 2022 Budget Amendment.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 6th day of June 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 the attorneys for PREPA, Joannely Marrero-Cruz, jmarrero@diazvaz.law; and Katuska Bolaños-Lugo, kbolanos@diazvaz.law.



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Exhibit I
FY2022 Budget Amendment



Annual Budgets

FY 2022 Budget Amendment

June 6, 2022

Annual Budgets

Executive Summary

On May 31, 2021 within its Resolution and Order in Case No. NEPR-MI-2021-0004, the Puerto Rico Energy Bureau (PREB or Energy Bureau) approved LUMA's Initial Budgets for Fiscal Year 2022 (FY2022). On July 16, 2021, LUMA requested a modification of the Approved Budgets for FY2022 (July Amendment). Herein, LUMA submits a revised FY2022 Budget Amendment request (Revised Amendment). **To be clear, the modifications described below do not result in increased customer rates, and do not result in an increase to LUMA's aggregate T&D Pass-Through and Capital Expenditures.**

Pursuant to Section 7.3(e) of the T&D OMA, Operator may, from time to time, propose to amend the approved Operating Budget and Capital Budgets for a given Fiscal Year, provided that the amendment is compliant with the applicable Rate Order. If Operator becomes aware that T&D Pass-Through Expenditures are expected to exceed the Budget, Operator shall promptly notify PREB and Administrator and concurrently prepare and submit to PREB a proposed amended Operating Budget or Capital Budget for such Fiscal Year. The amendment shall require and be subject to approval by PREB.

No Customer Rate Increase Proposed

As part of LUMA's commitment to operate the electric grid safely and reliably, and in order to maintain a budget that accurately reflects changes in LUMA's executed and remaining planned expenditures for FY2022, and other changing conditions, LUMA is requesting that the PREB approve an amendment to the FY2022 approved budget. LUMA's Revised Amendment is proposed to the currently approved FY2022 budget, as approved on May 31, 2021 and as such includes and updates the budget amendments proposed within LUMA's July Amendment application. LUMA's July Amendment requested modifications to the FY2022 Budget in order to align the budget with the revised FY2022 budget for the Puerto Rico Electric Power Authority (PREPA) as certified by the Financial Oversight and Management Board for Puerto Rico (FOMB) on June 30, 2021 (2021 Certified Fiscal Plan).

LUMA's prioritization of expenses addressed critical responses to a system that suffered years of neglect. **The proposed FY2022 amendment does not result in any increase to customer rates and LUMA's aggregate operating and capital expenditure budgets remain unchanged.** Consequently, the aggregate Operating Expenditures presented in Schedule 5.2 and Improvement Program costs as presented in Schedules 5.4 and 5.5, and Appendix D of LUMA's February 24, 2021 Initial Budgets application and approved in the Energy Bureau's May 31, 2021 Resolution & Order for Case No. NEPR-MI-2021-0004 remain unchanged.

FY2022 Budget Amendment – Two Adjustments

This FY2022 Budget Amendment application consists of two broad adjustments: 1) changes in LUMA's executed and remaining planned expenditures and 2) updated assumptions reflecting PREPA's exit from Title III and the 2021 Certified Fiscal Plan.

Please refer to the table below for a summary of the Revised Amendment. This includes a redistribution of costs between the Operating Budget and the Capital Budget – Non-Federally Funded as well as updated assumptions reflecting PREPA's exit from Title III and the 2021 Certified Fiscal Plan.

Annual Budgets

Summary of LUMA's Operational and Capital Budget Modification Requested (\$ in millions, or as otherwise indicated)

	Proposed: June '22 FY2022	Prev. Approved: May '21 FY2022	Variance	Variance (%)
T&D Operating Budget	572	525	47	9%
T&D Capital Budget – Total	728	774	(47)	(6%)
Capital Budget – Federally Funded	650	650	-	0%
Capital Budget – Non-Federally Funded	77	124	(47)	(38%)
Generation Budget – Total	294	288	6	2%
Operational and Capital Expenditures	236	210	26	12%
Shared Services	59	78	(20)	(25%)
Other	284	246	38	15%
LUMA Fees	117	101	17	17%
Bad Debts	63	59	4	7%
Bankruptcy and Advisor Costs	68	63	4	7%
PREPA HoldCo	36	23	13	57%

The updated macro-economic assumptions provided by the AAFAF and certified by the FOMB increased the base rate revenue forecast by \$60 million which is partially offset by additional Generation and Other Budgets of \$44 million. There was no increase to the T&D expenditures. The revised FY2022 total non-federally funded transmission & distribution and generation base rate expenditures per kWh is \$0.0732/kWh which is underneath the \$0.0746/kWh base rate limit as approved in the PREPA 2017 Rate Case. Please refer to Exhibit C, Revised Schedule 5.6 for further information.

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

1. Reallocation of Funds
2. Adjustment due to Updated Data and Assumptions
3. Schedules

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

Annual Budgets

1.0 Reallocation of Funds

Throughout FY2022, LUMA has continued to deploy funds required to operate the utility safely and effectively in response to the challenging conditions and circumstances presented and has sought efficiencies where appropriate to contain costs as part of its commitment to budget management efforts. Higher-than-expected operating expenditures were required for several reasons, as cited in LUMA's Quarterly Reports such as the need to have trained and qualified essential utility workers, provide safety and operational training for the existing workforce, perform foundational activities to support advancing federally funded work and address the severe backlog of uncompleted work left at commencement of LUMA operations. Overall lower non-labor expenses were achieved throughout the organization.

The excess labor expenditures within the Operations department were necessary in order to have the required trained and qualified workers performing work to not only stabilize the grid and address the unexpected backlog of work such as over 100,000 uncompleted and outstanding service orders and uncompleted field work, but also to accomplish the critical tasks of training, mentoring and advancing the existing workforce in order to quickly implement upgraded job skills and improved safety.

LUMA was not provided access to start performing skills level assessments until just before commencement of operations, therefore, LUMA's budget, developed in Fall 2020 could not have anticipated the substantial gap in safety and technical skills and qualifications within the existing workforce. This substantial gap, which posed a direct safety risk if left unaddressed, required significant investment in intensive onboarding and safety and technical skills training. In order to bring work methods in line with Prudent Utility Practice, the deployment of experienced and skilled mentors is critical in order to instill safe practices and support upgrading the existing labor force in terms of both overall job skill as well as specific emphasis on safety processes and procedures. LUMA's proactive actions to augment the workforce with trained and qualified workers was necessary to prevent safety incidents and avoid additional outage impacts on our customers. Overall, LUMA's improved safety is demonstrated by a significant improvement of OSHA safety metrics such as Recordable Injuries, DART Rate and Injury Severity.

The need for experienced skilled labor higher in the first half of FY2022 in order to address the significant backlog and provide the mentorship, training, skills and qualifications required to perform the field work. Within the second half of FY2022 LUMA has decreased the number of skilled experienced temporary labor as the existing workforce receives the required training and qualifications to perform work on the grid without mentorship. LUMA continues to prioritize building a safe and effective energy workforce through training and mentorship.

The labor expenditures within the Utility Transformation and Support Services Departments were primarily necessary to address the unanticipated and significant backlog of work left before commencement, the importance placed on advancing federally funded work, accelerate planning activities for grid transformation and address the ongoing legacy issues, as well as recruitment efforts occurring faster than anticipated. The backlog of work left included uncompleted field, restoration and engineering work and customer work orders, significantly more non-functioning electrical assets and equipment than anticipated or disclosed, marginal operation of the Outage Management System, inaccurate and only partially upgraded Asset Management System, unprocessed invoices and damaged and inoperable facilities. The advancement of federally funded activities including foundational activities such as developing standards

Annual Budgets

and specifications and meet resiliency design standards, distribution planning, update and develop transmission models, and advance projects for FEMA approval.

As a result of these well-established operational issues, LUMA is reallocating \$47 million from its Capital Budget (Non-Federally Funded) to its Operating Budget to provide for higher than anticipated labor expenditures for FY2022. This Revised Amendment is primarily drawing funds from Distribution, Substation, and Enabling improvement portfolios, which are forecasted to be under budget for FY2022. Much of this work has been deferred or reallocated as adjustments are made to overall capital plans.

Underspend in the non-federal capital budget in the Distribution improvement portfolio is primarily attributed to lower-than-anticipated spend on the Distribution Automation program. This program is currently seeking federal funding for certain equipment in order to increase the proportion of the program that is federally funded (as seen within the FY2023 Annual Budget filing) and awaiting receipt of distribution automation equipment which has been slower than anticipated due to the foundational activities required within FY2022 and the impact of current global supply chain. Consequently, some of this activity is deferred into FY2023. While underspend in the non-federal capital budget in the Substation improvement portfolio can be attributed to lower-than-anticipated non-federally funded capital spend on the Transmission Substation Rebuilds and Compliance and Studies programs for which additional federal funding related foundational activities were required to support the federally funded work planned within this portfolio.

As stated in LUMA's Q2 and Q3 Reports, variances are mainly due to the need to perform engineering activities as LUMA completes the procurement process for FEMA-compliant engineering services, which is taking longer than anticipated because of the lack of advancement by PREPA during the first five months of calendar year 2021 and the complex nature of federal procurement requirements and processes.

Lastly, underspend of the non-federal capital budget in the Enabling improvement portfolio is driven by lower spend on the T&D Fleet non-federally funded capital which was partially offset by an increase in operational spending. Fleet units were also rented instead of purchased to quickly deploy necessary vehicles, avoid the large capital expenditures associated with the number of fleet vehicles required as a result of the missing and inoperable fleet.

Table 1-1. Summary of Reallocation from Capital Budget (Non-Federally Funded) to Operating Budget (\$ in millions, or as otherwise indicated)

Improvement Portfolio	Proposed: June '22 FY2022	Prev. Approved: May '21 FY2022	Variance (\$)	Variance (%)
Customer Service	10.5	13.1	(2.6)	(20%)
Distribution	18.2	35.3	(17.1)	(48%)
Transmission	2.5	1.7	0.8	49%
Substations	4.2	18.9	(14.7)	(78%)
Control Center & Buildings	2.5	3.2	(0.7)	(22%)
Enabling	30.6	41.3	(10.7)	(26%)
Support Services	7.3	8.2	(0.9)	(11%)
Subtotal	75.8	121.7	(45.9)	(38%)

Annual Budgets

Further, in line with the significant safety and technical training provided throughout FY2022, LUMA also seeks to reallocate costs between the Improvement Portfolios, moving costs to the Enabling Improvement Portfolio with \$29 million for the increase spending within the HSEQ and Technical Training Improvement Program.

Table 1-2. Summary of Reallocation between Improvement Portfolios (\$ in millions, or as otherwise indicated)

Improvement Portfolio	Proposed: June '22 FY2022	Prev. Approved: May '21 FY2022	Variance	Variance (%)
Customer Service	104.8	115.2	(10.4)	(9%)
Distribution	217.7	236.6	(18.9)	(8%)
Transmission	239.0	240.1	(1.0)	(0%)
Substations	95.0	114.9	(19.9)	(17%)
Control Center & Buildings	16.1	19.7	(3.6)	(18%)
Enabling	167.1	148.7	18.3	12%
Support Services	83.5	103.8	(20.3)	(20%)
Subtotal	923.2	979.0	(55.8)	(6%)

Please note that both Tables 1-1 and 1-2 do not include 2% excess expenditure amounts.

2.0 Adjustment due to Updated Data and Assumptions

LUMA's Revised Amendment includes adjustments to reflect updated data and changed assumptions. Between the development of LUMA's Initial Budgets in Fall 2020 and the development of the Fiscal Plan in Spring 2021, assumptions were updated based on more current data and macro-economic factors provided by AAFAF, most notably PREPA's exit from Title III. The updated macro-economic assumptions resulted in an increase in forecasted revenues of approximately \$60 million, which was largely offset by increased budgets within the Generation and Other categories.

Within the Generation Budget, there was an increase in Operating and Capital Expenditures and a decrease in Shared Services. The decrease in Shared Services occurred as a result of reduced scope of activities to be provided by LUMA. Through discussions between LUMA and PREPA following the development of the Initial Budgets some activities were transferred to PREPA's responsibility and the budget reflects those adjustments.

Within the Other category, revenues increased due to the updated actuals and macro-economic factors. The bad debt assumption remained unchanged but Bad Debts were increased as a result of the increased load forecast.

Bankruptcy and Advisor costs, and LUMA Fees were increased to reflect PREPA being in Title III for all of FY2022, compared to the Initial Budget's assumption that PREPA would exit Title III by December 31, 2021. Lastly, PREPA's HoldCo costs were increased. Further details regarding these changes can be found within LUMA's July 16, 2021 budget amendment application and subsequent filings.

Annual Budgets

5.0 Schedules

5.1 Initial Budgets Summary

(In \$000s)

1	2	3	4	5	6
		June 6, 2022 Amendment	May 31, 2021 Approved ⁴		
	Schedule Reference	2022	2022	Variance (\$)	Variance (%)
1	Transmission & Distribution				
2	Total Operating Budget¹	\$ 571,597	\$ 524,792	46,805	9%
3					
5	Federally Funded Capital Expenditures ¹	650,365	650,365	-	-
6	Non-Federally Funded Capital Expenditures ¹	77,296	124,101	(46,805)	(38%)
7	Total Capital Budget	\$ 727,662	\$ 774,467	\$ (46,805)	(6%)
8					
9	Generation				
10	Operating and Capital Expenditures ²	235,613	210,000	25,613	12%
11	Shared Services ³	58,543	78,092	(19,549)	-25%
12	Total Generation Budget	\$ 294,156	\$ 288,092	\$ 6,064	2%
13					
14	Other				
15	LUMA Fees	117,307	100,686	16,621	17%
16	Bad Debts	63,405	59,351	4,054	7%
17	Bankruptcy and Advisor Costs	67,872	63,472	4,400	7%
18	PREPA HoldCo	35,868	22,816	13,052	57%
19	Total Other	\$ 284,452	\$ 246,325	\$ 38,127	15%

Notes:

1. Includes 2% reserve for Excess Expenditures, does not include Interim Costs and Expenses.
2. As certified within the 2021 Fiscal Plan.
3. Generation Budget and PREPA HoldCo include budgets for services at previously to be provided through the Shared Services Agreement.
4. Certain amounts have been reclassified within the Approved FY2022 column to conform to the FY2023 presentation, specifically LUMA fees is included within Other. Transmission & Distribution Operating Expenditures.

Annual Budgets

5.2 Transmission & Distribution Operating Expenditures

(In \$000s)

	1	2	3	4	5	6
		FY2022 June 6, 2022 Amendment				
		Customer Service	Operations	Utility Transformation	Support Services	2022
Labor						
1 Salaries, Wages and Benefits		36,880	163,020	32,133	45,929	277,962
2 Total Labor		36,880	163,020	32,133	45,929	277,962
Non-Labor						
3 Materials & Supplies		252	23,693	239	2,711	26,895
4 Transportation, Per Diem, and Mileage		483	24,912	963	1,536	27,894
5 Property & Casualty Insurance		-	-	-	15,491	15,491
6 Security		-	22	0	15,031	15,053
7 IT Service Agreements		923	1	0	17,495	18,419
8 Utilities & Rents		1,629	7,062	1,351	4,964	15,006
9 Legal Services		-	-	-	6,208	6,208
10 Communications Expenses		74	73	0	1,597	1,743
11 Professional & Technical Outsourced Services		22,024	29,000	4,895	29,475	85,393
12 Vegetation Management		-	49,375	-	-	49,375
13 Regulation and Environmental Inspection		-	337	-	-	337
14 Other Miscellaneous Expenses		243	695	342	19,331	20,612
15 Other Expenses		-	-	-	-	-
16 Total Non-Labor / Other Operating Expense		25,627	135,169	7,791	113,840	282,428
17 Subtotal Labor and Non-Labor/Other Operating Expenses		62,507	298,189	39,924	159,769	560,389
18 2% Reserve for Excess Expenditures						11,208
19 Total Operating Expense		62,507	298,189	39,924	159,769	571,597

Annual Budgets

Transmission & Distribution Operating Expenditures

(In \$000s)

		1	7	8	9	10	11
		FY22 May 31, 2021 Approved					
		Customer Service	Operations	Utility Transformation	Support Services	2022	
Labor							
1	Salaries, Wages and Benefits	41,281	114,637	20,036	36,336		212,291
2	Total Labor	41,281	114,637	20,036	36,336		212,291
Non-Labor							
3	Materials & Supplies	346	18,302	616	1,324		20,589
4	Transportation, Per Diem, and Mileage	701	16,493	1,865	1,906		20,964
5	Property & Casualty Insurance	-	-	-	15,405		15,405
6	Security	250	-	-	9,309		9,559
7	IT Service Agreements	-	3,211	-	27,183		30,394
8	Utilities & Rents	20	9,000	2	9,959		18,981
9	Legal Services	600	500	-	7,895		8,995
10	Communications Expenses	328	1,712	2	2,662		4,704
11	Professional & Technical Outsourced Services	23,695	22,462	6,813	35,270		88,240
12	Vegetation Management	-	51,301	-	-		51,301
13	Regulation and Environmental Inspection	-	-	-	4,000		4,000
14	Other Miscellaneous Expenses	1,055	12,342	760	14,607		28,764
15	Other Expenses	-	-	-	315		315
16	Total Non-Labor / Other Operating Expense	26,995	135,323	10,057	129,836		302,211
17	Subtotal Labor and Non-Labor/Other Operating Expenses	68,276	249,960	30,094	166,172		514,502
18	2% Reserve for Excess Expenditures						10,290
19	Total Operating Expense	68,276	249,960	30,094	166,172		524,792

Annual Budgets

Transmission & Distribution Operating Expenditures

(In \$000s)

	1	12	13	14	15	16
				Variance (\$)		
		Customer Service	Operations	Utility Transformation	Support Services	Total
Labor						
1 Salaries, Wages and Benefits		(4,402)	48,383	12,096	9,593	65,671
2 Total Labor		(4,402)	48,383	12,096	9,593	65,671
Non-Labor						
3 Materials & Supplies		(95)	5,391	(377)	1,387	6,306
4 Transportation, Per Diem, and Mileage		(218)	8,419	(902)	(370)	6,930
5 Property & Casualty Insurance		-	-	-	86	86
6 Security		(250)	22	0	5,722	5,495
7 IT Service Agreements		923	(3,210)	0	(9,688)	(11,975)
8 Utilities & Rents		1,609	(1,938)	1,349	(4,996)	(3,976)
9 Legal Services		(600)	(500)	-	(1,687)	(2,787)
10 Communications Expenses		(254)	(1,640)	(2)	(1,065)	(2,960)
11 Professional & Technical Outsourced Services		(1,671)	6,537	(1,917)	(5,796)	(2,847)
12 Vegetation Management		-	(1,926)	-	-	(1,926)
13 Regulation and Environmental Inspection		-	337	-	(4,000)	(3,663)
14 Other Miscellaneous Expenses		(812)	(11,647)	(418)	4,725	(8,151)
15 Other Expenses		-	-	-	(315)	(315)
16 Total Non-Labor / Other Operating Expense		(1,368)	(153)	(2,266)	(15,996)	(19,783)
17 Subtotal Labor and Non-Labor/Other Operating Expenses		(5,770)	48,230	9,830	(6,403)	45,888
18 2% Reserve for Excess Expenditures						918
19 Total Operating Expense		(5,770)	48,230	9,830	(6,403)	46,805

Annual Budgets

Transmission & Distribution Operating Expenditures

(In \$000s)

	1	17	18	19	20	21
		Variance (%)				
		Customer Service	Operations	Utility Transformation	Support Services	Total
	Labor					
1	Salaries, Wages and Benefits	(11%)	42%	60%	26%	31%
2	Total Labor	(11%)	42%	60%	26%	31%
	Non-Labor					
3	Materials & Supplies	(27%)	29%	(61%)	105%	31%
4	Transportation, Per Diem, and Mileage	(31%)	51%	(48%)	(19%)	33%
5	Property & Casualty Insurance	-	-	-	1%	1%
6	Security	(100%)	-	-	61%	57%
7	IT Service Agreements	-	(100%)	-	(36%)	(39%)
8	Utilities & Rents	8047%	(22%)	71859%	(50%)	(21%)
9	Legal Services	(100%)	(100%)	-	(21%)	(31%)
10	Communications Expenses	(78%)	(96%)	(100%)	(40%)	(63%)
11	Professional & Technical Outsourced Services	(7%)	29%	(28%)	(16%)	(3%)
12	Vegetation Management	-	(4%)	-	-	(4%)
13	Regulation and Environmental Inspection	-	-	-	(100%)	(92%)
14	Other Miscellaneous Expenses	(77%)	(94%)	(55%)	32%	(28%)
15	Other Expenses	-	-	-	(100%)	(100%)
16	Total Non-Labor / Other Operating Expense	(5%)	0%	-23%	(12%)	(7%)
17	Subtotal Labor and Non-Labor/Other Operating Expenses	(8%)	19%	33%	(4%)	9%
18	2% Reserve for Excess Expenditures					
19	Total Operating Expense	(8%)	19%	33%	(4%)	9%

Annual Budgets

5.3 Other

(In \$000s)

1		2		3	4	5
		<i>June 6, 2022 Amendment</i>		<i>May 31, 2021 Approved</i>		
		Notes	2022	2022	Variance (\$)	Variance (%)
Other						
1	LUMA Fees	1	117,307	100,686	16,621	17%
2	Bad Debts	2	63,405	59,351	4,054	7%
3	Title III Costs	3	33,972	38,722	(4,750)	(12%)
4	PREPA HoldCo		35,868	22,816	13,052	57%
5	FOMB Advisor Costs	3	24,400	20,000	4,400	22%
6	P3A Transaction Costs	3	9,500	4,750	4,750	100%
8	Total Other		284,452	246,325	38,127	15%

Notes:

1. Updated to reflect a full year of Interim Period Service Fee as calculated within the T&D OMA to reflect a full year in Title III.
2. Bad Debts Forecast is consistent with methodology used by PREPA in 2021 Fiscal Plan.
3. Bankruptcy and advisor costs are confirmed with applicable entity and consistent with amounts certified by the FOMB within the 2021 PREPA Fiscal Plan, as updated.

Annual Budgets

5.4 Improvement Portfolio and Program Summary

(In \$000s)

1		2	3	4	5	6
Portfolio		FY2022 June 6, 2022 Amendment				
		FY2022 Federal Funded CapEx	FY2022 Non- Federal Funded CapEx	FY2022 OpEx	Total	SRP Total
1	Customer Experience	82,653	10,512	11,638	104,803	10,417
2	Distribution	199,224	18,240	245	217,710	12,487
3	Transmission	235,983	2,496	560	239,038	6,706
4	Substations	89,097	4,181	1,688	94,966	7,679
5	Control Center & Buildings	9,299	2,480	4,346	16,126	8,016
6	Enabling	17,036	30,565	119,481	167,082	122,889
7	Support Services	4,320	7,307	71,830	83,457	7,135
8	Total	637,613	75,780	209,788	923,181	175,329

Annual Budgets

Improvement Portfolio and Program Summary

(In \$000s)

1		7	8	9	10	11
		FY2022 May 31, 2021 Approved				
Portfolio		FY2022 Federal Funded CapEx	FY2022 Non- Federal Funded CapEx	FY2022 OpEx	Total	SRP Total
1	Customer Experience	82,653	13,064	19,467	115,184	38,509
2	Distribution	199,224	35,310	2,093	236,628	165,936
3	Transmission	235,983	1,675	2,420	240,078	185,634
4	Substations	89,097	18,909	6,845	114,851	63,727
5	Control Center & Buildings	9,299	3,199	7,240	19,738	17,421
6	Enabling	17,036	41,275	90,437	148,748	127,909
7	Support Services	4,320	8,236	91,234	103,790	21,445
8	Total	637,613	121,668	219,735	979,017	620,581

Annual Budgets

Improvement Portfolio and Program Summary

(In \$000s)

1		12	13	14	15	16
Portfolio		Variance (\$)				
		Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	SRP Total
1	Customer Experience	-	(2,552)	(7,829)	(10,381)	(28,092)
2	Distribution	-	(17,070)	(1,848)	(18,918)	(153,449)
3	Transmission	-	821	(1,860)	(1,039)	(178,928)
4	Substations	-	(14,728)	(5,157)	(19,885)	(56,048)
5	Control Center & Buildings	-	(719)	(2,893)	(3,612)	(9,406)
6	Enabling	-	(10,711)	29,044	18,333	(5,020)
7	Support Services	-	(929)	(19,404)	(20,333)	(14,310)
8	Total	-	(45,888)	(9,948)	(55,835)	(445,252)

Annual Budgets

Improvement Portfolio and Program Summary

(In \$000s)

1		17	18	19	20	21
Portfolio		Variance (%)				
		Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	SRP Total
1	Customer Experience	-	(20%)	(40%)	(9%)	(73%)
2	Distribution	-	(48%)	(88%)	(8%)	(92%)
3	Transmission	-	49%	(77%)	(0%)	(96%)
4	Substations	-	(78%)	(75%)	(17%)	(88%)
5	Control Center & Buildings	-	(22%)	(40%)	(18%)	(54%)
6	Enabling	-	(26%)	32%	12%	(4%)
7	Support Services	-	(11%)	(21%)	(20%)	(67%)
8	Total	-	(38%)	(5%)	(6%)	(72%)

Annual Budgets

5.5 Improvement Portfolios - Total Capital Expenditures

(In \$000s)

1	2	3	4	5	6	7	8	9	10	11	12	13
	June 6, 2022 Amendment	May 31, 2021 Approved	Total	=	June 6, 2022 Amendment	May 31, 2021 Approved	Fed Funded Contributions	+	June 6, 2022 Amendment	May 31, 2021 Approved	Net Non Federally Funded	
	2022	2022	Variance (\$)	Variance (%)	2022	2022	Variance (\$)	Variance (%)	2022	2022	Variance (\$)	Variance (%)
2 Improvement Portfolio												
5 Customer Service	93,165	95,717	(2,552)	(3%)	82,653	82,653	-	-	10,512	13,064	(2,552)	(20%)
6 Distribution	217,464	234,534	(17,070)	(7%)	199,224	199,224	-	-	18,240	35,310	(17,070)	(48%)
8 Transmission	238,479	237,658	821	0%	235,983	235,983	-	-	2,496	1,675	821	49%
7 Substations	93,278	108,006	(14,728)	(14%)	89,097	89,097	-	-	4,181	18,909	(14,728)	(78%)
4 Control Center & Buildings	11,780	12,499	(719)	(6%)	9,299	9,299	-	-	2,480	3,199	(719)	(22%)
9 Enabling	47,601	58,312	(10,711)	(18%)	17,036	17,036	-	-	30,565	41,275	(10,711)	(26%)
10 Support Services	11,627	12,556	(929)	(7%)	4,320	4,320	-	-	7,307	8,236	(929)	(11%)
11 Subtotal	713,394	759,281	(45,888)	(6%)	637,613	637,613	-	-	75,780	121,668	(45,888)	(38%)
12 Other												
13 2% Reserve for Excess Expenditures	14,268	15,186	(918)	(6%)	12,752	12,752	-	-	1,516	2,433	(918)	(38%)
15 Total Capital Expenditures	727,662	774,467	(46,805)	(6%)	650,365	650,365	-	-	77,296	124,101	(46,805)	(38%)

Annual Budgets

5.6 2017 Rate Order Base Rate Revenue Requirement Limit Comparison

(In \$000s)

1		2	3		4	5	6
			June 6, 2022	May 31, 2021			
			Amendment	Approved			
		Schedule Reference	2022	2022	Variance	Variance (%)	
1			16,765	16,272	(493)	(0%)	
2	PREPA Forecast Sales (GWh)						
3							
4	Expenditures Limit based on Projected Sales		\$ 1,229,094	\$ 1,183,310	45,784	4%	
5							
6	Transmission & Distribution Operating Expenditures	5.2	\$ 571,597	\$ 524,792	(46,805)	(9%)	
7	Capital Budget - Non-Federally Funded	5.5	\$ 77,296	\$ 124,101	46,805	38%	
9	Generation Budget ^{2,3}	5.1	\$ 294,156	\$ 288,092	(6,064)	(2%)	
10	Other (LUMA Fees, Bad Debts, PREPA HoldCo, Bankruptcy and Advisor Costs) ³	5.3	\$ 284,452	\$ 246,325	(38,127)	(15%)	
11	Total Non-Federally Funded Transmission & Distribution and Generation Expenditures		\$ 1,227,501	\$ 1,183,310	\$ (44,191)	(4%)	
12							
13	Surplus / (Deficit)		\$ 1,593	\$ -			
14							
15	Total Non-Federally Funded Transmission & Distribution and Generation \$/kWh		\$ 0.0732	\$ 0.0727			

2017 Rate Case		
16	PREPA Projected Sales (kWh)	17,268,325,180
17	PREPA Base Rate Revenue Requirement less Subsidies	\$ 1,287,998
18	PREPA Base Rate Rev Req (\$/kWh)	\$ 0.0746

Notes:

1. Certain amounts have been reclassified within the Approved FY2022 column to conform to the FY2023 presentation.
2. Generation Budget includes budgets for services at GencCo currently provided under the Shared Services Agreement.
3. Includes modifications previously requested within LUMA's July 16, 2021 filing.