

**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:** Commencement of Review  
Process FY23 Budgets.

**RESOLUTION AND ORDER**

On July 13, 2022, LUMA<sup>1</sup> filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *Motion Submitting Fiscal Year 2023 Annual Budget as Approved and Certified by the Financial Oversight and Management Board for Puerto Rico* ("July 13 Petition"). Along with the July 13 Petition, LUMA included a resolution from the Financial Oversight and Management Board for Puerto Rico ("FOMB") certifying the Puerto Rico Electric and Power Authority ("PREPA") budget for fiscal year 2023 ("FY23 Certified Budget").<sup>2</sup> The July 13 Petition also includes LUMA's proposed annual budget for FY23, which purportedly are based on the FY23 Certified Budget ("LUMA's FY23 Budget").<sup>3</sup> LUMA requests that the Energy Bureau take notice of FY23 Certified Budget.<sup>4</sup>

The Energy Bureau **TAKES NOTICE** LUMA's filing of the July 13 Petition and that FY23 Certified Budget is within the revenue requirements of the 2017 Rate Order<sup>5</sup>. Furthermore, the Energy Bureau **DETERMINES** that pursuant to the authority granted by Act 57-2014<sup>6</sup> and, in accordance with the relevant provisions of the OMA<sup>7</sup>, it is appropriate to commence its review of the July 13 Petition.

As part of this review process and to facilitate the public's easy review of the budget information, the Energy Bureau **ORDERS** LUMA to, **on or before of July 29, 2022, at 12:00 pm**, file the following:

- a. A fully detailed explanation of the budget included in the July 13 Petition (LUMA's FY23 Budget)<sup>8</sup> that at a minimum shall include a side by side comparison (*i.e.*, columns format) of the proposed FY23 Budgets, with the budget requested for each individual portfolio, entity, division, program or project, contrasted with the approved FY22 Budgets. Note that this comparison shall, at a minimum, comply with the following:

<sup>1</sup> LUMA ENERGY, LLC as ManagementCo, and LUMA ENERGY SERVCO, LLC as ServCo (collectively, "LUMA").

<sup>2</sup> July 13 Petition, Exhibit 1.

<sup>3</sup> July 13 Petition, Exhibit 2 and Exhibit 3.

<sup>4</sup> The Energy Bureau will address LUMA's request for confidentiality of certain documents included in the 2023 Budget Petition in a separate Resolution and Order.

<sup>5</sup> See *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, Final Resolution and Order, January 10, 2017, and Final Resolution, March 8, 2017 (collectively, "2017 Rate Order").

<sup>6</sup> Known as the *Puerto Rico Energy Transformation and RELIEF Act* ("Act 57-2014").

<sup>7</sup> Operation and Maintenance Agreement entered by and between the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), and LUMA on June 22, 2020 ("OMA").

<sup>8</sup> For the avoidance of doubt, LUMA shall discuss all the elements of the LUMA's FY23 Budget, including those portions related to the generation budget.



- i. identify any variance (increase or reduction) between the proposed FY23 Budgets and the approved FY22 Budgets<sup>9</sup>, by each portfolios, services, divisions, programs or projects;
  - ii. in a third column, explain and justify in detail each variance;
  - iii. identify any movement or reallocation of funds or monies between portfolios, services, divisions, programs or projects and indicate the two portfolios, services, divisions, programs or projects from and to which the funds or monies were relocated;
  - iv. budget categories or line items shall be broken into more detailed in order to show all the purposes for the funds<sup>10</sup>;
  - v. with respect to the capital improvements funds (*i.e.*, both federally funded or non federally funded), list each project for which the funds are destined or earmarked and identify if the completion of the project exceeds the proposed FY23 Budgets and the funds that would be needed in future fiscal years for the completion fo the project or work;
  - vi. with respect to maintenance work and/or repairs funds (*i.e.*, both federally funded or non federally funded), list each project for which the funds are destined or earmarked and identify if the completion of the maintenance work and/or repairs exceeds the proposed FY23 Budgets and the funds that would be needed in future fiscal years for the completion fo the project or work;
  - vii. any budget line items related to labor costs<sup>11</sup> shall include detailed headcounts, identify any wages variances (*i.e.*, increase or reduction) by each position and explain and justify such variance;
  - viii. avoid unnecessary use of references to separate supporting documents, to the extent possible;
- b. An executive summary in Spanish of the July 13 Petition.

The Energy Bureau **ORDERS** PREPA to provide to LUMA in an expeditious manner any additional information necessary to comply with this Resolution and Order.

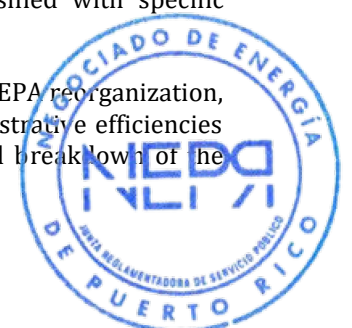
The Energy Bureau **WARNS** LUMA and PREPA that, noncompliance with any provision of this Resolution and Order, may result in the imposition fines under Act 57-2014 and the applicable Energy Bureau's regulations and/or any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.


Be it notified and published.

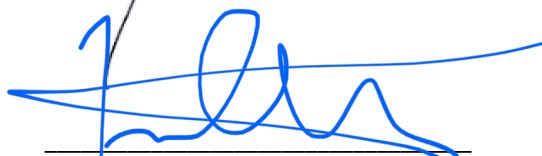
<sup>9</sup> Since the Energy Bureau is still evaluating the FY22 Budget modification and amendment requests filed by LUMA, the comparison shall be using the FY22 Budgets approved by the Energy Bureau in its Resolution and Order of May 31, 2021.


<sup>10</sup> Note that general categories or descriptions used in the July 13 Petition documents, do not provide enough information about the purposes of many of the funds in a manner that shows its prudence. Categories or descriptions labeled as miscellaneous or others, are unacceptable and shall be clasified with specific information as to the proposed uses of such funds.

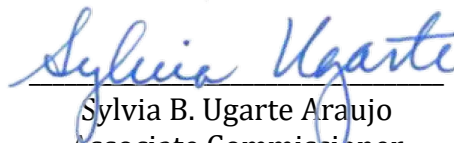
<sup>11</sup> This is applicable to both LUMA and PREPA personnel. With respect to the proposed PREPA reorganization, detailed information shall be included to demonstrate that all potential cost and administrative efficiencies were achieved and that the proposed allocation for each entity are prudent. A detailed breakdown of the functions to be performed by the personnel allocated to each entity shall be included.



  
Edison Avilés Deliz  
Chairman

  
Ferdinand A. Ramos Soegaard  
Associate Commissioner

  
Lillian Mateo Santos  
Associate Commissioner


  
Sylvia B. Ugarte Araujo  
Associate Commissioner

## CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on July 16, 2022. I also certify that on July 16, 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); [ana.rodriguezrivera@us.dlapiper.com](mailto:ana.rodriguezrivera@us.dlapiper.com); [jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law) and [kbolanos@diazvaz.law](mailto:kbolanos@diazvaz.law). I also certify that today, July 16, 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 July 16, 2022.



  
Sonia Seda Gatzambide  
Clerk