

**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: Fiscal Year 2023 Annual Budget
Review: Requirement of Information;
Establishing Procedural Calendar and
Agenda.

RESOLUTION AND ORDER

I. Introduction

On July 13, 2022, LUMA¹ 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").² 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").³ LUMA requests that the Energy Bureau take notice of FY23 Certified Budget.⁴

On July 16, 2022, the Energy Bureau issued a Resolution and Order ("July 16 Resolution"),⁵ through which, it identified additional information which it directed LUMA to provide as part of this review process and to facilitate the public's easy review of the budget information. In addition, the Energy Bureau directed LUMA to provide an executive summary in Spanish of the July 13 Petition.

On July 29, 2022, LUMA filed before the Energy Bureau a document titled *Motion in Compliance with July 16th, 2022 Resolution and Order* ("July 29 Motion").⁶ In the July 29 Motion, LUMA submitted as Exhibit 1, LUMA's response to the request of information issued by the Energy Bureau and an updated Spanish translation of the Executive Summary of the July 13th submission and as Exhibit 2, additional information provided by PREPA.

On July 29, 2022, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order through which, among other things, scheduled a Virtual Technical Conference to take place on August 17, 2022 ("August 17 Technical Conference") and established a Procedural Calendar in this proceeding ("July 29 Order"). As per the Procedural Calendar, LUMA's presentation for the Virtual Technical Conference is due on August 12, 2022; the filing of any revised or additional information required by the Energy Bureau during the Virtual Technical Conference would be due on

¹ LUMA ENERGY, LLC as ManagementCo, and LUMA ENERGY SERVCO, LLC as ServCo (collectively, "LUMA").

² July 13 Petition, Exhibit 1.

³ July 13 Petition, Exhibit 2 and Exhibit 3.

⁴ 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.

⁵ See, Resolution and Order, In Re: Review of LUMA's Initial Budgets, Case No. NEPR-MI-2021-0004, July 16, 2022 ("July 16 Resolution").

⁶ See, Motion in Compliance with July 16th, 2022 Resolution and order, Case No. NEPR-MI-2021-0004, July 29, 2022



August 22, 2022, and the Virtual Public Hearing and filing of comments by the General Public is scheduled for August 24, 2022.

On August 8, 2022, LUMA submitted a document titled *Motion Requesting Modification of Procedural Calendar and Issuance of Agenda for Virtual Technical Hearing* ("August 8 Motion"). Through said August 8 Motion, LUMA argues that to ensure that the LUMA staff attending the August 17 Virtual Technical Conference are best prepared to address any potential Energy Bureau questions or concerns, LUMA respectfully requests that the Energy Bureau confirm the agenda as presented in the Resolution and Order issued June 7, 2022, as Attachment A.

Furthermore, LUMA requests that this Energy Bureau modify the Procedural Calendar to extend the term provided for the filing of additional information currently set for August 22, 2022 for an additional 9 days, that is, until August 31, 2022 to afford the parties in this proceeding at least 14 days from the date of the Virtual Technical Conference to gather and submit any additional or modified information requested by the Energy Bureau during the Virtual Technical Conference. LUMA also proposes that the Energy Bureau postpones by a concomitant term, the Public Hearing and the Filing of Comments by the General Public in the event that LUMA's additional information is needed prior to such events.

On August 9, 2022, Instituto de Competitividad y Sostenibilidad Económica de Puerto Rico (ICSE)⁷ filed a document titled *Motion Requesting Amendment of Procedural Calendar*. Through said Motion, ICSE requests the Energy Bureau to extend until ten (10) days after LUMA files any additional documents as the date to file comments by General Public. ICSE comments that 2 days from LUMA filing any additional documents and the date of the scheduled Public Hearing is not sufficient time for the public to prepare for the Public Hearing.

II. Requirement of Information ("ROI")

The Energy Bureau **DETERMINES** that further information is required to analyze the FY 2023 Budgets.

The Energy Bureau **ORDERS** LUMA to, **on or before August 29, 2022, at 12:00 pm** to file the following:

- i. A side by side comparison by each portfolios, services, divisions, programs or projects; (*i.e.*, columns format) of the approved FY 2022 budget with **actual** FY 2022 expenditures, a detailed explanation of each variance and the effect of each variance on the FY 2023 budget;
- ii. Identify and explain in detail any variance (increase or reduction) between the proposed FY23 Budgets and the **actuals** FY22 expenditures, by each portfolios, services, divisions, programs or projects;
- iii. Identify any movement or reallocation of funds or monies between portfolios, services, divisions, programs or projects; the portfolios, services, divisions, programs or projects from and to which the funds or monies were relocated; and provide a detailed explanation of each movement or reallocation;
- iv. Identify and explain in detail any variance (increase or reduction) between the proposed FY23 Capital Improvement Funds (*i.e.*, both Federally Funded or Non-Federally Funded) Budgets and the **actuals** FY22 expenditures for the Capital Improvement Funds (*i.e.*, both Federally Funded or Non-Federally Funded), by each portfolio, services, divisions, programs or projects;
- v. With respect to the Capital Improvement Funds (*i.e.*, both Federally Funded or Non-Federally Funded), list each project or work for which the funds are destined or earmarked and identify the components of each project work to be

⁷ ICSE is not a party in this proceeding or an intervenor since this is not an adjudicative proceeding. The Energy Bureau considers ICSE Motion as comments.



completed in FY 2023. If the completion of the project or work exceeds the proposed FY23 Budgets, identify funds and corresponding components of the project or work that would be needed in future fiscal years for the completion for the project or work;

- vi. An explanation and quantification of modifications to each Improvement Program. For example, the Notes in Appendix C of the July 13th Petition, as referenced in LUMA's July 29 Motion, indicating "Annual Budget has been updated" or Milestones have been updated to reflect the time required to complete the work", are not adequate explanations.
- vii. Identify and compare budget line items related to labor costs⁸ for FY 2022 actuals, FY 2022 Budget and FY 2023 Proposed Budget. Include detailed headcounts for each, identify any wages variances (i.e., increase or reduction) by each position and explain and justify each variance.

Responses are to be provided for all components of the Annual Budget, including Transmission, Distribution, Generation, HoldCo and any other components. Responses must be adequately detailed to demonstrate the prudence of the budgeted funds.

Reference to separate supporting documents shall be avoided to the extent possible. In particular, citing other documents from which the reader must identify and extract the requested information is not acceptable.

III. Procedural Calendar and Agenda

After consideration of LUMA's request and ICSE comments, the Energy Bureau **ESTABLISHES** the agenda as identified in Attachment A of this Resolution and Order and **AMENDS** the procedural calendar, as follows:

Date	Phase
September 6, 2022	Filing of LUMA's Presentation for the Virtual Technical Conference
September 9, 2022	Virtual Technical Conference ⁹
September 23, 2022	Filing of Revised and/or Additional Information Required by the Energy Bureau
October 7, 2022	Virtual Public Hearing ¹⁰ /Filing of Comments by General Public Due

During the Virtual Technical Conference, LUMA shall present and discuss thoroughly the proposed FY 2023 Budgets. LUMA and the Puerto Rico Electric Power Authority ("PREPA") representatives and its consultants must be prepared to answer questions under oath from the Energy Bureau, its staff, and consultants, regarding its presentation and all aspects of the proposed FY 2023 Annual Budgets.

The general public will have the opportunity to present their comments and suggestions regarding the proposed FY 2023 Annual Budgets during the Virtual Public Hearing. Any person interested in presenting oral comments during the Virtual Public Hearing shall, on or before **Thursday, October 6, 2022, at 3:00 p.m.**, contact the Energy Bureau's Clerk at (787) 523-6262 or via email to secretaria@jrsp.pr.gov to request a turn and to obtain instructions and a link to access the Virtual Public Hearing. The Virtual Public Hearing will be streamed

⁸ 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.

⁹ Note that in order to prevent the spread of Covid-19, the foregoing Virtual Technical Conference will be held remotely via the Microsoft Teams platform from 10:00 am to 5:00 pm.

¹⁰ Note that in order to prevent the spread of Covid-19, the foregoing Virtual Public Hearing will be held remotely via the Microsoft Teams platform from 10:00 am to 5:00 pm.



live via the Energy Bureau's YouTube Channel.¹¹ The Energy Bureau will provide, at the commencement of the hearing, the rules of conduct, and the order of the proceedings.

The public may also submit written comments and suggestions to the Energy Bureau regarding the proposed FY 2023 Annual Budgets ("Written Public Comments"), on or before **October 7, 2022**. The Written Public Comments to be filed with the Energy Bureau shall: (i) include in their title: "Public Comments on LUMA's Annual Budgets Request — Case No. NEPR-MI-2021-0004"; (ii) be addressed to the attention of Edison Avilés Deliz, Chairman; and (iii) be filed by electronic mail at: comentarios@jrsp.pr.gov; through the Energy Bureau's electronic filing tool at: <https://radicacion.energia.pr.gov/>; by postal mail addressed to the Puerto Rico Energy Bureau's Clerk's Office at World Plaza Building, 268 Muñoz Rivera Ave., Plaza Level Suite 202, San Juan, PR 00918-1925; or in person at the Energy Bureau's Clerk's Office, at the referenced address. The hours of operations of the Clerk's office are Monday through Friday from 8:30 a.m. to 5:30 p.m., excluding holidays.

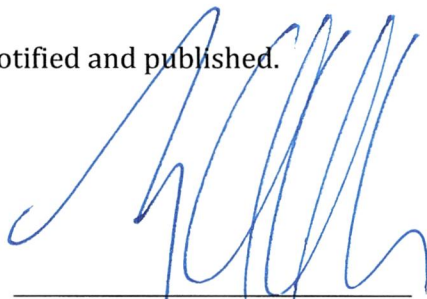
The Energy Bureau may modify the foregoing Procedural Calendar and Agenda at its discretion.

IV. Conclusion

The Energy Bureau **ORDERS** LUMA to, **on or before August 29, 2022, at 12:00 pm**, to file its responses to the ROI as stated in Section II herein, and **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.



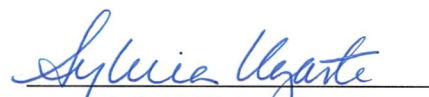
Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



¹¹ The Energy Bureau's YouTube channel may be accessed through the following link <https://www.youtube.com/channel/UCxZYn-qt1k0Lu9TX37-11oA>.

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on August 12, 2022. I also certify that on August 12, 2022 a copy of this Resolution and Order was notified by electronic mail to the following: margarita.mercado@us.dlapiper.com, ana.rodriguezrivera@us.dlapiper.com; jmarrero@diazvaz.law, kbolanos@diazvaz.law, agraitfe@agraitlawpr.com. I also certify that today, August 12, 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 August 12, 2022.



Sonia Seda Gaztambide
Clerk



ATTACHMENT A

Modified Agenda – September 9, 2022 Technical Conference

Time	Discussion of Issues
10:00 am – 10:45 am	LUMA’s Presentation of all budgets (T&D, generation and HoldCo)
10:45 am – 11:15 am	Consolidated FY23 Budgets Conformance to Rate Order and PREPA’s Fiscal Plan
11:15 am – 11:45 am	Federally Funded Capital Expenditures – T&D
11:45 am – 12:15 pm	Non-Federally Funded Capital Expenditures – T&D
12:15 pm – 1:00 pm	Lunch
1:00 pm – 2:00 pm	Operating Budgets – T&D (Including but not limited to any improvement programs: Control Center and Buildings, Enabling, and Support Services, Customer Experience, Distribution, Transmission, and Substations, Safety Programs and Employee’s Development.) Training Activities – Safety Program, Employee’s Development
2:00 pm – 3:30 pm	Generation Budget
3:30 pm – 4:30 pm	Holding Company’s Budget
4:30 pm – 5:00 pm	Follow-Up Items

