

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

<b>NEPR</b>  <b>Received:</b>  <b>Dec 22, 2022</b>  <b>3:25 PM</b>
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**IN RE:**  
IN RE: PUERTO RICO ELECTRIC POWER  
AUTHORITY PERMANENT RATE

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

**SUBJECT: Motion in Compliance with  
Resolution and Order of December 20, 2022**

**MOTION IN COMPLIANCE WITH  
RESOLUTION AND ORDER OF DECEMBER 20, 2022**

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

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

1. On December 15, 2022, LUMA filed before the Energy Bureau a *Submission of Reconciliations for September, October, and November 2022, and FCA, PPCA and FOS Calculated Factors and Request for Confidential Treatment* (“December 15<sup>th</sup> Submission”). LUMA submitted the quarterly reconciliations for the Fuel Charge Adjustment (“FCA”) and Purchased Power Charge Adjustment (“PPCA”) riders for September through November 2022, and the factors for the FCA, PPCA, and Fuel Oil Subsidy (“FOS”) riders for the period from January 1 until March 31, 2023. As part of the filing, LUMA included Excel spreadsheets filed publicly and confidential Excel spreadsheets with formulae intact.

2. On December 16, 2022, LUMA filed a *Motion to Substitute Exhibits of the Submission of Reconciliations for September, October, and November 2022, FCA, PPCA, PPCA, and FOS Calculated Factors and Request for Confidential Treatment*. LUMA explained that there was an error in the submission of the files labeled “Precio Ponderado Análisis \_

2022.11.30\_Values.xlsx” in the Values folder and “Precio Ponderado Análisis \_ 2022.11.30.xlsx” in the Confidential folder. The submitted versions of those files were not the final version. However, the error did not affect the calculation of the factors already presented to the Energy Bureau in the December 15<sup>th</sup> Submission. Those numbers remained the same.

3. On December 20, 2022, the Energy Bureau issued a Resolution and Order instructing LUMA and the Puerto Rico Electric Power Authority (“PREPA”) to submit and/or clarify on or before December 22, 2022, at 3 p.m. the following information:

- i. PREPA needs to submit supporting documentation for the lines identified as Excess Nominations and Credit Mitigation contained in the “FUEL REPORTS” tab within the Excel file titled “QUARTERLY FAC-PPAC RECONCILIATION SEP-OCT-NOV 2022.xlsx”. That documentation must include a certification on the sale of surplus natural gas to a third party and the detail on such sale made by NFEnergy as requested by the Authority in its November 15 Report and its December 15 Report. In addition, it must include the detail and a certification of the credit attributable to the Authority for 15% of the cost of the surplus gas, after the mitigation sale.
- ii. The Authority shall submit, in detail, the current status of the \$26,838,161.78 claim filed with NFEnergy, as indicated in the following documents: August 15 Report, September 15 Report, November 21 and December 15 Report.
- iii. LUMA, in coordination with PREPA, shall submit any claims made to FEMA or insurers related to the impacts caused by Hurricane Fiona on the electrical system. It shall include any communication responsive to such requests. You shall indicate in detail the quantities attributable to fuel consumption and energy purchase.
- iv. If LUMA or the Authority has not yet made claims to FEMA or insurers for the impacts caused by Hurricane Fiona, they must submit their plan to make such claims. In addition, you must submit an estimate of the amounts that will be claimed for fuel and energy purchases.
- v. In reference to tab FUELREP-OCT22-Busqueda within the “QUARTERLY FAC-PPAC RECONCILIATION SEP-OCTNOV 2022.xlsx” document, line 21 identified as Ecoeléctrica Diesel No. 2-Fiona, and cells D21 and E21.
  - a. Does the word, Fiona, in the description line, refer to Hurricane Fiona?
  - b. How does the amount of \$17,786,238 in cell E21 relate to Hurricane Fiona?
  - c. Does LUMA or the Authority estimate that FEMA or insurers will reimburse any portion of the \$17,786,238? If the answer is in the affirmative, you must indicate the quantities. If the answer is negative, please explain in detail the reasons.

- vi. In reference to tab “Summary” within the “20221216 MI20200001 Confidential Price Weighted Analysis\_.xlsx” document, cells k13: k14.
  - a. Did PREPA physically transfer 29,000 barrels of No. 6 from Palo Seco to San Juan in November 2022?
  - b. What amount was transferred?
  - c. What was the cost incurred to transport such fuel from the Palo Seco units to the San Jun units?
  - d. Identify the amount of fuel transported.
  
- vii. In reference to tab “Summary” within the “20221216 MI20200001 Confidential Price Weighted Analysis\_.xlsx” document. There is a difference from the Daguao plant over 400 barrels of No. 2 fuel between the current storage and the J28 inventory report.
  - a. How reliable is the measurement socket in the storage tank at the Daguao plant?
  - b. How many days does the burning of 400 barrels represent?
  - c. Is LUMA or the Authority investigating such a dispute? It must include the documents that support such investigation.
  
- viii. In reference to tab “Summary” within the “20221216 MI20200001 Confidential Price Weighted Analysis\_.xlsx” document.
  - a. What is the method, e.g., current storage or J28 inventory report, used by LUMA and PREPA to measure the current cost of fuel that was held in inventory versus the cost of fuel that was burned, for purposes of identifying the cost to be recovered in FCA?
  
- ix. In reference to the letter from NFEnergy to PREPA, dated December 6, 2022, re: PREPA's letter dated November 20, 2022, to Request a Mitigation Sale of the Excess Nomination from November 2022; Fuel Sale and Purchase Agreement between NFEnergia LLC and PREPA dated March 5, 2019.
  - a. Was the mitigation sale described in this letter made?
  - b. If such a mitigation sale had taken place, how much fuel was sold and at what price?
  - c. What was the cost differential between the mitigation sale and the price paid by the Authority?
  - d. How do you compare the difference identified in question (c) and a credit of 15% of the cost paid by the Authority?
  - e. What does the \$3,554,105 credit apply to November 2022 correspond to?
  - f. Was the November 2022 mitigation sale request for the nomination overlooked? If so, quantify the result and provide the relevant accounting entries. If not, identify the status of the mitigation sale procedure.
  
- x. In reference to San Juan units 5 and 6. Why are San Juan units 5 and 6 out of service and not operating until January 8, 2023? Was that related to a forced or planned outage in those

units? If this is a planned outage, was the duration of the planned outage extended? If it was extended, please explain why.

- xi. Credit from Naturgy. See Annex B of the December 15 Motion.
  - a. An amount of \$13,272,518 is indicated. Was a Naturgy credit of \$13,272,518 applied in November 2022 for penalty provision, that is, lack of gas delivered to Costa Sur during the third quarter, from July to September 2022? If not, explain the source of that \$13,272,518 amount.
  - b. How much MMBtu deficit for gas that was not delivered below specification relates to \$13,272,518, and what price was applied to that amount of MMBtu deficit to get the \$13,272,518?
  - c. Confirm that the \$13,272,518 reflected by LUMA for purposes of calculating the Authority's fuel costs for the new FCA and PPCA factors effective January 1, 2023, as a negative amount on file – "\Temp1\_Luma CONFIDENTIAL for 2023-01-01 factors.zip\[QUARTERLY FAC-PPAC RECONCILIATION SEP-OCT-NOV 2022.xlsx]FUELREP-NOV22-Busqueda" in cell E27, which was moved to cell F29 on the "Reconciliation Grand Summary" tab."
- xii. Can the Authority store Liquefied Natural Gas (LNG) somewhere on the island? Describe in detail the Authority's ability and ability to store LNG. In other words, what are the maximum amounts of LNG that the Authority can store where?
- xiii. Was the AES plant's capacity reduction using coal as its fuel source from May 1, 2022, through December 31, 2022, due to insufficient inventory at AES facilities?
- xiv. By the first quarter of 2023, an AES coal-fired generation facility with which the Authority has a power purchase agreement will be reduced due to having inadequate coal inventory at the plant site? If so, identify those periods and explain the related downgrade.
- xv. If any of the answers to questions 5 or 6 were "yes," please explain the impact on the Authority's replacement power cost because AES's coal-fired generating facility was reduced because it did not have adequate coal inventory at the plant.

4. In compliance with the December 20 Order, LUMA hereby submits the responses to such requests that procure information in its possession, custody and/or control. *See Exhibit 1.* In **Exhibit 1** to this Motion, LUMA presents the information responsive to the Energy Bureau's requests iii, iv, v(a-b), viii, xi (c), xiii, xiv, and xv listed above. The responses and/or information for the rest of the requests for information will be submitted by PREPA separately.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the

aforementioned; **accept** the responses submitted in Exhibit 1 to the Motion; and **deem** LUMA complied with the Resolution and Order of December 20, 2022.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, on this 22<sup>nd</sup> day of December 2022.

We hereby certify that we filed this Motion using the electronic filing system of this Energy Bureau. We 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

## Permanent Rate

### Proposed Quarterly FCA & PPCA Factors

NEPR-MI-2020-0001

**Response: RFI-LUMA-MI-2020-0001-2022122-PREB-003**

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#### REQUEST

LUMA in coordination with PREPA shall submit any claims made to FEMA or insurers related to the impacts caused by Hurricane Fiona to the electrical system. It shall include any communication responsive to such requests. You shall indicate in detail the quantities attributable to fuel consumption and energy purchase.

#### RESPONSE

On December 12, 2022, PREPA provided LUMA a copy of the claim PREPA filed with FEMA pertaining to impacts caused by Hurricane Fiona. PREPA to provide additional detail. Refer to PREPA's December 22, 2022 Motion titled "*Mocion en Cumplimiento con la Orden Notificada el 20 de diciembre de 2022*".

## Permanent Rate

### Proposed Quarterly FCA & PPCA Factors

#### NEPR-MI-2020-0001

#### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-004

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#### REQUEST

If LUMA or the Authority has not yet made claims to FEMA or insurers for the impacts caused by Hurricane Fiona, they must then submit their plan to make such claims. In addition, you must submit an estimate of the amounts that will be claimed for the purchase of fuel and purchase of energy.

#### RESPONSE

On December 12, 2022, PREPA provided LUMA a copy of the claim PREPA filed with FEMA pertaining to impacts caused by Hurricane Fiona. PREPA to provide additional detail. Refer to PREPA's December 22, 2022 Motion titled "*Mocion en Cumplimiento con la Orden Notificada el 20 de diciembre de 2022*".



## Permanent Rate

# Proposed Quarterly FCA & PPCA Factors

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-005

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#### REQUEST

In reference to tab FUELREP-OCT22-Busqueda within the “QUARTERLY FAC-PPAC RECONCILIATION SEP-OCTNOV 2022.xlsx” document, line 21 identified as Ecoeléctrica Diesel No. 2-Fiona, and cells D21 and E21.

- a. Does the word Fiona, in the description line, refer to Hurricane Fiona?
- b. How does the amount of \$17,786,238 in cell E21 relate to Hurricane Fiona?
- c. Does LUMA or the Authority estimate that any portion of the \$17,786,238 will be reimbursed by FEMA or insurers? If the answer is in the affirmative, you must indicate the quantities. If the answer is in the negative, please explain in detail the reasons.

#### RESPONSE

- a. The word “Fiona” in the description line refers to the atmospheric event which started as Tropical Storm Fiona and became Hurricane Fiona.
- b. On November 14, 2022 PREPA provided LUMA the Fuel Purchases Report pertaining to October 2022. This report included a line detailing a purchase of 99,960.31 barrels for \$17,786,237.72. PREPA to provide why the amount relates to Hurricane Fiona.
- c. PREPA to provide response.

## Permanent Rate

# Proposed Quarterly FCA & PPCA Factors

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-008

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#### REQUEST

In reference to tab “Summary” within the “20221216 MI20200001 Confidential Precio Ponderado Analisis\_.xlsx” document.

- a. What is the method, e.g., current storage or J28 inventory report used by LUMA and PREPA to measure the current cost of fuel that was held in inventory versus the cost of fuel that was burned, for purposes of identifying the cost to be recovered in FCA?

#### RESPONSE

Consistent with previous filings, the FCA is calculated as the price per barrel multiplied by the fuel consumption provided by PREPA Generation. The subtotal, as detailed below, minus the consumption, constitutes the ending balance for the month and the beginning balance for the next month.

The prices per barrel on the J28 report are based the beginning balances plus the data provided by PREPA in the monthly Fuel Purchase Summaries. Excise taxes, miscellaneous services, and inspection fees are added to the costs. The subtotal is then divided by the barrels consumed to obtain a price per barrel.

See the image below of the San Juan Plant calculation as an example.

RESPONSES TO DECEMBER 20, 2022 R&O REQUESTS

Permanent Rate

LUMA ENERGY		
FUEL OIL CONSUMPTION REPORT		
FOR THE MONTH ENDED	November 30, 2022	
SAN JUAN STEAM PLANT	FUEL NO 6	
	BBLs	\$
BEG BAL	60,738.58	6,843,620.79
INVENTORY No 6 ADJUSTMENT FY 22-23	-	-
RECEIPTS	215,240.66	21,785,215.58
INTEREST		
MISC. SERV.& INSP FEES		50,378.58
EXCISE TAXES		91,590.54
TRANSFER IN	-	-
SUBTOTAL	275,979.24	28,770,805.48
TRANSFERS OUT	-	-
CONSUMPTION	165,965.59	17,301,894.54
CAPITAL EXPENDITURE		
ADJUSTMENT	-	-
ENDING BALANCE	110,013.65	11,468,910.94
PRICE PER BARREL		104.25
BEG. PRICE PER BARREL		112.67
ENDING PRICE PER BARREL		104.25
CONSUMPTION PRICE PER BARREL		104.25

The J28 Fuel Report is adjusted using the inventory at PREPA's plants performed by external entities. The inventory is performed on the following dates, February 28, May 31, August 31, and November 30 and are used in the calculations to support the upcoming quarter. For example, the inventory conducted in November is used to adjust the reconciliation and January J28 Report to be filed in March for the factors to be in effect from April to June. The file *Precio Ponderado Analisis* includes the comparison between the J28 amount and the inventory, any differences between both is added to the J28 report in the next month.

## Permanent Rate

# Proposed Quarterly FCA & PPCA Factors

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-011

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#### REQUEST

Credit from Naturgy. See Annex B of the December 15 Motion.

- a. An amount of \$13,272,518 is indicated. Was a Naturgy credit of \$13,272,518 applied in November 2022 for penalty provision, that is, lack of gas delivered to Costa Sur during the third quarter, that is, from July to September 2022? If not, explain the source of that \$13,272,518 amount.
- b. How much MMBtu deficit for gas that was not delivered below specification relates to \$13,272,518, and what price was applied to that amount of MMBtu deficit to get the \$13,272,518?
- c. Confirm that the \$13,272,518 reflected by LUMA for purposes of calculating the Authority's fuel costs for the new FCA and PPCA factors effective January 1, 2023 as a negative amount on file – "\Temp1\_Luma CONFIDENTIAL for 2023-01-01 factors.zip\[QUARTERLY FAC-PPAC RECONCILIATION SEP-OCT-NOV 2022.xlsx]FUELREP-NOV22-Busqueda" in cell E27, which was moved to cell F29 on the "Reconciliation Grand Summary" tab".

#### RESPONSE

- a. PREPA to provide response.
- b. PREPA to provide response.
- c. LUMA confirms that the (\$13,272,517.94) amount, is presented as a negative number on cell E27 of the tab FUELREP-NOV22-Busqueda of the file *QUARTERLY FAC-PPAC RECONCILIATION*.

## Permanent Rate

# Proposed Quarterly FCA & PPCA Factors

## NEPR-MI-2020-0001

### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-013

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#### REQUEST

Was the AES plant's capacity reduction using coal as its fuel source during the period May 1, 2022, through December 31, 2022, due to insufficient inventory at AES facilities?

#### RESPONSE

AES has not reported any issues with coal inventory levels that affected operations between May and December 2022. To LUMA's knowledge there was always an on-site inventory supply of coal during this time. During Hurricane Fiona, AES reported sustained damages which affected the coal handling infrastructure at the plant, and the ability to utilize that coal inventory to create electricity.

During Hurricane Fiona, AES reported that they had a cumulative 40 inches of rain fall on their site. This caused significant flooding to most components of the fuel handling process. Tunnels, conveyors and equipment rooms that are often located below grade were flooded and temporarily inoperable. The coal pile itself absorbed significant rainfall which made it very difficult to manage the coal-handling cycle.

These conditions lasted several days during the immediate aftermath of Fiona, and AES reported that they were a contributory reason for several operational challenges AES experienced. LUMA understands that for the most part this problem was resolved when the rainfall was removed and the agglomerated residue was cleared off.

## Permanent Rate

### Proposed Quarterly FCA & PPCA Factors

#### NEPR-MI-2020-0001

**Response: RFI-LUMA-MI-2020-0001-2022122-PREB-014**

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#### REQUEST

By the first quarter of 2023, an AES coal-fired generation facility with which the Authority has a power purchase agreement will be reduced due to having inadequate coal inventory at the plant site? If so, identify those periods and explain the related downgrade.

#### RESPONSE

This answer assumes the question refers to the first calendar quarter of January, February, and March 2023. AES reports that they do not anticipate any impact to generation due to having an inadequate coal inventory at the plant site. AES availability is still recovering from various damages incurred during Hurricane Fiona but is being repaired in the field and additional work could be performed during its spring and fall 2023 planned outages.

## Permanent Rate

### Proposed Quarterly FCA & PPCA Factors

#### NEPR-MI-2020-0001

#### Response: RFI-LUMA-MI-2020-0001-2022122-PREB-015

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##### REQUEST

If any of the answers to questions 5 or 6 were "yes," please explain the impact on the Authority's replacement power cost because AES's coal-fired generating facility was reduced because it did not have adequate coal inventory at the plant.

##### RESPONSE

LUMA interprets that this Energy Bureau meant to reference questions 13 and 14, but inadvertently referenced questions 5 and 6.

The answer to both questions, 13 and 14, is "no" and LUMA understands there is no further explanation needed.