

**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: Request for supporting
documentation reflecting the Submission of
Consolidated Annual Budgets for Fiscal Year
2024.

RESOLUTION AND ORDER

On February 27, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order titled "*Determination on LUMA's FY23 Annual Budgets and LUMA's FY24 Annual Budgets pre-filing requirements*" ("February 27 Resolution"). In Section IV.I. of the February 27 Resolution, the Energy Bureau directed LUMA¹ to submit the Fiscal Year 2024 ("FY2024") Budget Proposal on or before March 15, 2023². On February 28, 2022, the Energy Bureau entered a Resolution *Nunc Pro Tunc* correcting *motu proprio* a clerical error in the date of submission established for the FY2024 Budget Proposal. Specifically, the Energy Bureau clarified that the FY2024 Budget Proposal shall be submitted on or before April 15, 2023, instead of March 15, 2023. On April 11, May 3, and May 8, 2023, the Energy Bureau issued Resolutions and Orders extending the deadline for LUMA to submit the consolidated FY2024 Proposed Annual Budgets by May 15, 2023.

On May 16, 2023, LUMA filed a document titled *Submission of Consolidated Annual Budgets for Fiscal Year 2024 and Annual T&D Projections through Fiscal Year 2026* ("May 16 Motion"). The May 16 Motion includes as Exhibit A a document titled *Annual Budgets - Fiscal Years 2024 to 2026* ("System Annual Budgets"). The proposed Budgets for the Puerto Rico Energy System (the "System"), are comprised of the proposed budget for the Transmission and Distribution System ("Proposed T&D Budgets"), developed by LUMA; the budget proposal for the legacy thermal generation units (the "Proposed GenCo Budget"), developed by Genera³; the budget proposal for the hydroelectric generating units and the public irrigation facilities (the "Proposed HydroCo Budget"), developed by the Puerto Rico Electric Power Authority ("PREPA"), and the budget proposal for PREPA and its subsidiaries other than GenCo and HydroCo (the, "HoldCo Budget") developed by PREPA.⁴

In its May 16 Motion LUMA expressed that:

*the System Annual Budgets, each budget was developed independently by the corresponding operating entity. Thus, LUMA's discussion on the substance of the System Annual Budgets in this Motion will be limited to the LUMA's Proposed Annual T&D Budgets. As LUMA did not intervene in the development of the GenCo Budget, the HydroCo Budget or the HoldCo Budget, LUMA makes no representation whatsoever as to the appropriateness, compliance of adequacy of any budget proposal other than the T&D Budget. Any questions or comments regarding the GenCo Budget, see Exhibit 1 of this Motion, Appendix C, the HydroCo Budget, see Exhibit 1 of this Motion, Appendix D, or the HoldCo Budget, see Exhibit 1 of this Motion, Appendix E, should be addressed to Genera, for the GenCo Budget, and PREPA for the HydroCo Budget and the HoldCo Budget.*⁵

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

² February 27 Resolution, p. 29.

³ GENERA PR, LLC ("Genera").

⁴ *Id.*

⁵ *Id.*, p. 2



Im Under Act 57-2014⁶ and Act 17-2019, known as the *Puerto Rico Energy Public Policy Act* ("Act 17-2019")⁷, the Energy Bureau is tasked with the enforcement of public policy to ensure that electric service companies provide services at reasonable and just prices. This duty entails the review and monitoring of budgets, fiscal, and operational practices, and the prudence of spending activities. Consistent with the foregoing, in the 2017 Rate Order ⁸, the Energy Bureau established a yearly procedure under which, the Energy Bureau periodically evaluates the appropriate and efficient use of the revenues collected from its ratepayers⁹.

7M The Energy Bureau **DETERMINES**, in regards to Exhibit 1 of the May 16 Motion: that Appendix C "*GenCo Budget*" does not have all the supporting documentation that reflects Appendix B "*P3A Budget Allocation*"; Appendix D "*HydroCo Budget*" does not have all the supporting documentation and the supporting documentation that reflects Appendix B "*P3A Budget Allocation*"; Appendix E "*HoldCo Budget*" does not have all the supporting documentation and the supporting documentation that reflects Appendix B "*P3A Budget Allocation*"¹⁰. The Energy Bureau **DETERMINES** that this information is critical for the evaluation of the FY2024 Budget Proposal in accordance with the 2017 Rate Order.

Based on the foregoing discussion the Energy Bureau **ORDERS**,

- **PREPA**, through LUMA, on or before noon Monday, May 22, 2023, to provide a detailed HydroCo Operating and Capital Expenditures Budget that reflects the LUMA Budget Request in Schedule 3.1 "*Annual Budget Summary*" with all the supporting documentation used to substantiate the request.
- **PREPA**, through LUMA, on or before noon Monday, May 22, 2023, to provide a detailed HoldCo Operating and Capital Expenditures Budget that reflects with the LUMA Budget Request in Schedule 3.1 "*Annual Budget Summary*" with all the supporting documentation used to substantiate the request.
- **Genera**, through LUMA, on or before noon Monday, May 22, 2023, to provide detailed GenCo Operating and Capital Expenditures Budget that reflects the LUMA Budget Request in Schedule 3.1 "*Annual Budget Summary*" with all the supporting documentation used to substantiate the request.

4M The Energy Bureau **WARNS** PREPA, Genera and LUMA that: (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to \$25,000 per day; (ii) any person who intentionally violates Act 57-2014,¹¹ as amended, by omitting, disregarding, or refusing to obey, observe, and comply with any rule or decision of the Energy Bureau shall be punished by a fine of not less than five hundred dollars (\$500) nor over five thousand dollars (\$5,000) at the discretion of the Energy Bureau; and (iii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000), at the discretion of the Energy Bureau.

⁶ See Act 57-2014, Articles 1.2, 6.3, 6.4 and 6.25.

⁷ See Act 17-2019, Article 1.5(l)(a).

⁸ Final Resolution and Order, *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, January 10, 2017 ("2017 Rate Order").

⁹ Final Resolution and Order, *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, January 10, 2017 ("2017 Rate Order").

¹⁰ See "*Annual Budgets - Fiscal Years 2024 to 2026*", pp 396- 411 of the pdf.


¹¹ *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").



Be it notified and published.



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner




Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 18, 2023. Chairman Edison Avilés Deliz did not intervene. I also certify that on May 18, 2023, a copy of this Resolution and Order was notified by electronic mail to the following: jaime.elkoury@promesa.gov; margarita.mercado@us.dlapiper.com; ana.rodriguezrivera@us.dlapiper.com; mvazquez@diazvaz.law; jmarrero@diazvaz.law; brannen@genera-services.com; kbolanos@genera-pr.com; regulatory@genera-pr.com; jfr@sbgblaw.com; alopez@sbgblaw.com; and 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, on May 18, 2023.



Sonia Seda Gaztambide
Clerk

