

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

NEPR

Received:

Jun 15, 2023

9:29 PM

IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Motion Submitting Responses to
Requests for Information Issued During Virtual
Technical Conference of June 9, 2023**

**MOTION SUBMITTING RESPONSES TO REQUESTS FOR INFORMATION ISSUED
DURING TECHNICAL CONFERENCE OF JUNE 9, 2023**

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 submit the following:

1. On May 3, 2023, this Puerto Rico Energy Bureau (“Energy Bureau”) issued a Resolution and Order (“May 3rd Order”) whereby it established a procedural calendar for this proceeding.

2. The procedural calendar was modified through Resolution and Order dated May 8, 2023 (“May 8th Order”). In what is pertinent here, this honorable Energy Bureau scheduled a Virtual Technical Conference for June 9, 2023. The Energy Bureau further established June 15, 2023 as the deadline for LUMA to “file revised and/or additional information required by the Energy Bureau.” *See* May 8th Order, page 1.

3. On May 15, 2023, LUMA submitted to this Energy Bureau the proposed Budgets for the Puerto Rico Energy System (the “System”), which are comprised of the proposed budget for the Transmission and Distribution System (“Proposed Annual T&D Budgets”), developed by LUMA; the budget proposal for the legacy thermal generation units (the “GenCo Budget”), the budget proposal for the hydroelectric generating units and the public irrigation facilities (the “HydroCo Budget”) and the budget proposal for PREPA and its subsidiaries other than GenCo

and HydroCo (the, “HoldCo Budget”) (collectively referred to as the “System Annual Budgets”). *See Submission of Consolidated Annual Budgets for Fiscal Year 2024 and Annual T&D Projections through Fiscal Year 2026* filed in this proceeding (“FY2024 Consolidated Budgets Submission”).

4. On May 23, 2023, after other procedural developments, the Energy Bureau issued a Resolution and Order (the “May 23rd Order”) whereby, in what is pertinent, determined that “additional information is required for its review of the Proposed Consolidated FY2024 Budgets.” *See*, the May 23rd Order, page 3. Consequently, the Energy Bureau ordered LUMA, Genera and PREPA (HydroCo and HoldCo) to respond, on or before June 2, 2023 at 12:00pm, to a Second Requirement for Information (the “Second RFI”) included as Attachment A and Attachment B to its May 23rd Order.¹

5. On June 2, 2023, LUMA requested a brief extension of time to submit its responses in compliance with the May 23rd Order. *See, Urgent Request for Extension of Time to Submit Response in Compliance with Order of May 23, 2023 and Request of Clarification of Order*. In compliance with the May 23rd Order, on June 6th, 2023, LUMA submitted the responses to the Second RFIs.²

6. On June 9, 2023, the Energy Bureau held the Virtual Technical Conference as scheduled (“June 9th Technical Conference”). During the June 9th Technical Conference, the

¹ Through the May 23rd Order, the Energy Bureau also directed that LUMA, Genera and the Puerto Rico Electric Power Authority (“PREPA”) shall submit “within three (3) days from, all workpapers and supporting materials used to develop their respective FY 2024 Budget Proposals in native form with all formulas and links intact and any Excel spreadsheets provided unlocked.” On May 26, 2023, LUMA filed a *Motion in Compliance with Resolution and Order of May 23, 2023 and Submitting Supporting Workpapers* whereby it submitted the supporting workpapers of the Proposed Annual T&D Budgets in compliance with that portion of the May 23rd Order.

² PREPA and Genera submitted their respective responses in compliance with the May 23rd Order through separate submissions dated June 2 and 6, 2023 (Genera) and June 6, 2023 (PREPA).

Energy Bureau issued bench orders with six (6) additional requests for information directed to LUMA.

7. In compliance with the deadline set forth in the May 8th Order and the bench orders issued during the June 9th Technical Conference, LUMA hereby submits as *Exhibit 1* herein, its responses to the requests for additional information that this Energy Bureau issued during the June 9th Technical Conference which include two native Excel files as attachments therewith, to wit: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template_Attachment 1 and TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0004_lineworkers_Attachment 1.xlsx.

8. LUMA respectfully further informs that the attachment identified as TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template_Attachment 1 is submitted under seal of confidentiality. Additionally, LUMA has submitted Response TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0002 under seal of confidentiality as it includes sensitive commercial information. LUMA respectfully requests that this *Excel* spreadsheet and Response be kept confidential by this honorable Energy Bureau pursuant to the Energy Bureau's Policy on Management of Confidential Information, CEPR-MI-2016-0009, issued on August 31, 2016, and partially amended on September 16, 2016. In accordance with this policy, LUMA includes a public version of the mentioned spreadsheet and response and informs that it will submit a Memorandum of Law in support of this request within the next ten (10) days.

WHEREFORE, LUMA respectfully requests that the honorable Bureau **take notice** of the aforementioned for all purposes and of the responses to the bench orders issued during the June 9th Technical Conference, included as *Exhibit 1* to this Motion; **deem** that LUMA complied with the May 8th Order as it pertains to filing additional information requested during the June 9th Technical Conference and the bench orders issued during the June 9th Technical Conference; and

receive and maintain under seal of confidentiality the spreadsheet TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template_Attachment 1 and its Response TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0002.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of June, 2023.

I hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. I also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through attorneys of record: jmarrero@diazvaz.law and mvazquez@diazvaz.law; and to Genera PR LLC, through counsels of record, Jorge Fernandez-Reboredo, jfr@sbgblaw.com and Alejandro López Rodríguez, alopez@sbgblaw.com.



DLA Piper (Puerto Rico) LLC
500 Calle de la Tanca, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9107
Fax 939-697-6147

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
RUA NÚM. 16,266
margarita.mercado@us.dlapiper.com

/s/ Ana Margarita Rodríguez Rivera
Ana Margarita Rodríguez Rivera
RUA Núm. 16,195
ana.rodriguezrivera@us.dlapiper.com

Exhibit 1

Responses to RFIs issued during June 9th Technical Conference

(Includes two Excel spreadsheets in their native format)



Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Responses to June 9, 2023, Requests

June 15, 2023

List of Responses and Attachments

Response ID	Document Type	Response Subject
RFI-LUMA-MI-2021-0004-20230609-PREB-001	Response	Operating Within Budget Requirements
RFI-LUMA-MI-2021-0004-20230609-PREB-002	Response	Third Party Attachments
RFI-LUMA-MI-2021-0004-20230609-PREB-003	Response	Resource Adequacy
RFI-LUMA-MI-2021-0004-20230609-PREB-004	Response	Lineworkers
	Attachment*	
RFI-LUMA-MI-2021-0004-20230609-PREB-005	Response	Budgets Template Request
	Attachment*	
RFI-LUMA-MI-2021-0004-20230609-PREB-006	Response	Distribution Pole Replacement Funding

Note: *Denotes attachments that have been provided in Microsoft Excel format.

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0002

SUBJECT

Third Party Attachments

REQUEST

What is the estimated revenue from renting space on distribution poles for third party telecom companies to use?

RESPONSE

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹ REDACTED

[REDACTED]

[REDACTED]

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0001

SUBJECT

Operating Within Budget Requirements

REQUEST

Provide the timeline and milestones to extend the T&D substation programs that have been slowed to maintain fiscal discipline for Fiscal Year 2024 as discussed on page 49 of the FY2024 Annual Budgets filing.

RESPONSE

LUMA would like to clarify that the timelines and milestones for the Transmission, Distribution, and Substation portfolios overall have not been slowed overall because the largest component of the budget for those programs is funded from Federally Funded Capital. The activities that have been slowed, as discussed on page 49 of the FY2024 Annual Budgets filing, to maintain fiscal discipline are those activities funded by customer rates through the Non-Federally Funded Capital budget.

Although the largest component of the budget for the Transmission, Distribution, and Substation portfolios is funded from Federally Funded Capital, many of those programs include a key and interdependent Non-Federally Capital component as discussed previously in numerous filings and recently explained in the Urgent Motion Requesting Reconsideration of Energy Bureau's Resolution and Order of June 13, 2022, and Stay of All Directives Therein (filed under docket No. NEPR-MI-2020-0012) filed on June 22, 2022. On an annual basis, LUMA allocates "NME" or Non-Federally Funded Capital funding towards priority capital improvements on the T&D System that, in many cases, do not qualify for federal funding but are integral to the health of the T&D System, enable LUMA to continue making reliability improvements and must be completed in order to continue with Federally Funded Capital work. These Non-Federally Funded Capital improvements result in immediate reliability improvements.

While the majority of the Transmission, Distribution, and Substation programs are funded through Federally Funded Capital, there are certain underlying initiatives and programs that are fundamental for prioritization and formulation of these programs that are not. Particularly, the funding of asset strategy and asset data collection is something that LUMA has to fund through its Non-Federally Funded Capital Budget. These activities provide LUMA with fundamental information on the system that will be of benefit for all programs in the Transmission, Distribution and Substation portfolios, both Federally Funded and Non-Federally Funded. For example, in the case of Substations, having detailed and complete asset records, including on operations and performance, will support the planning and prioritization of the substation work. Limited information on the system has been a fundamental obstacle to progressing the work. Likewise, data on the loading of feeders will provide LUMA with important information that is useful in a variety of ways as will data on the number of times relays and breakers operate. This is basic

RESPONSES TO JUNE 9, 2023 TECHNICAL CONFERENCE REQUESTS

information that utilities typically have available to them and utilize – on a daily basis – in the operation and planning of the grid.

Additionally, to the extent that the limited Non-Federally Funded Capital dollars are further re-directed to fund the development of, for example, additional efficiencies, and reporting, then to the pace of improvement in T&D System reliability will decrease. Lower Non-Federally Funded Capital would also push out the ability of LUMA to fully meet Contract Standards and could deprive LUMA of a reasonable opportunity to achieve Performance Metrics targets.

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0003

SUBJECT

Resource Adequacy

REQUEST

Provide budgets associated with activities regarding resource adequacy activities that LUMA undertakes to ensure the adequacy of supply for the island.

RESPONSE

The budget associated with resource adequacy reporting activities is included in the Support Services and Operations departments operating expenditures budgets with most of the costs sitting within the labor and professional and technical outsourced services line items for the regulatory team. There is not a separate budget for resource adequacy reporting activities.

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0004

SUBJECT

Lineworkers

REQUEST

Assessment of the number of lineworkers budgeted in Fiscal Year 2024, within the larger employee count? Also, specifically the number of line workers that are certified to work on the energized lines? Can we ascertain that as well? Include the financial components of budgets allocable to each of those numbers as well.

RESPONSE

Please refer to TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0004_lineworkers_Attachment 1. Herein, LUMA reconciles the LUMA Operations Department labor data as provided within TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template and uses the data to show the FY2024 planned Lineworkers and Lineworkers that can work on energized lines contemplated within the FY2024 budgets. For FY2024 budgeted financial information associated with the labor line items, please refer to TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template_Attachment 1.

The attached information illustrates that LUMA's FY2024 Operations Department year end headcount of 1,726 personnel, as illustrated in ROI-LUMA-MI-2021-0004-20230523-PREB-000 Attachment 1_Operating Expenditures, includes 717 planned line workers, of which 399 have the training and expertise to work on energized lines.

Furthermore, LUMA notes that within its Utility Transformation Department, as illustrated within ROI-LUMA-MI-2021-0004-20230523-PREB-000 Attachment 1_Operating Expenditures – Tab 3.2.1 Utility Transformation, 500 Lineworkers with the training and expertise to work on energized lines, have been planned to support LUMA Federal and Non-Federal Capital Programs in FY2024. This further increases the available on-island Lineworkers and Lineworkers that can work on energized lines available to LUMA. These 500 workers are included within the Utility Transformation Employee Count of 1,369. The Lineworkers herein are fully budgeted and contemplated to support LUMA's Capital Programs within LUMA's FY2024 filed Federally Funded and Non-Federally budgets.

The combined total of budgeted Lineworkers for FY24 is 1,217 (717 plus 500). The combined total of budgeted Lineworkers trained to work on energized lines is 899 (399 + 500). The budgeted internal labor FTE count for lineworkers has increased from the 842 FTEs in FY2023 to 1,217 FTEs in FY2024.

RESPONSES TO JUNE 9, 2023 TECHNICAL CONFERENCE REQUESTS

Please see the following table outlining the number of lineworkers budgeted in FY2024 and actuals as of June 9, 2023:

	FY2024 Headcount	Actual Internal Labor FTE Count as of June 9, 2023	Total FTE including Contracted Lineworkers as of June 9, 2023¹
Total Lineworkers	1,217	939	1,172
Lineworkers trained to work on energized lines	899	622	855

¹ The budget associated with contracted lineworkers is included in the Professional and Technical Outsourced Services line item in Operations Operating Expenditures and, therefore, the FTE Count for these lineworkers was not included in the Actual Internal Labor FTE Count.

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005

SUBJECT

Budgets Template Request

REQUEST

Provide an updated version of the budget templates filed by LUMA confidentially in FY2022.

RESPONSE

As communicated during the technical conference for the FY2023 Annual Budgets, the template that Mr. Guy Mazza has referred to in the FY2024 Annual Budgets technical conference was used in the Front-End Transition when LUMA did not have access to the PREPA financial systems to develop the FY2022 Annual Budgets. For FY2023 and FY2024, LUMA has used more advanced budgeting tools and no longer uses this excel template to develop Annual Budgets.

LUMA is unable to recreate the Annual Budgets using this template because the Oracle system does not generate a like-for-like output. LUMA has provided the working papers for FY2024 from the Oracle system and has included a reconciliation as part of the response to this request similar to what was developed and provided last year. LUMA has further included budgeted amounts by the headcount categories, to supplement the Headcount breakdown as requested by Mr. Guy Mazza.

Please refer to the information provided in TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0005_budget template Attachment 1.

This information further supplements the information as provided within ROI-LUMA-MI-2021-0004-20230523-PREB-000 Attachment 1_Operating Expenditures as requested by Mr. Guy Mazza.

Annual Budgets for Fiscal Year 2024

NEPR-MI-2021-0004

Response: TC-RFI-LUMA-MI-2021-0004-20230609-PREB-0006

SUBJECT

Distribution Pole Replacement Funding

REQUEST

LUMA to provide to the PREB the percentage of the distribution poles that have been replaced using federal grants versus those poles that have been replaced using non-federally funded capital project programs.

RESPONSE

Out of the approximately 4,800 primary, secondary, and streetlight poles that LUMA has replaced in FY2023 through April, LUMA estimates that approximately 3,400 (approximately 70%) of the poles have been funded through federal programs supporting Maria and Fiona disasters. The remaining approximately 1,400 (approximately 30%) poles have been replaced as part of normal utility practice when there has been an operational need to do so. LUMA continues to seek opportunities to fund an increasing number of pole replacements through federal funding in compliance with all applicable rules and regulations.