

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

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY'S PERMANENT RATE

CASE NO.: NEPR-MI-2020-0001

SUBJECT: Request for Information

RESOLUTION AND ORDER


On May 31, 2023, LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as "LUMA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *Motion Submitting CILTA, SUBA-HH, AND SUBA-NHH Reconciliations and Proposed Factors, and Request for Confidential Treatment of Excel Spreadsheets* ("May 31 Motion"). Through the May 31 Motion, LUMA submitted the proposed yearly factors for the CILTA,¹ SUBA-HH,² and SUBA-NHH³ Riders, to be implemented from July 1, 2023 to June 30, 2024, and the annual reconciliations for the referenced riders.

On June 20, 2023, LUMA filed a document titled *Motion Submitting Reconciliations for May 2023, Submission of FCA, PPCA, and FOS Calculated Factors, and Request for Confidential Treatment* ("June 20 Motion"). Through the June 20 Motion, LUMA submitted the proposed quarterly factors for the FCA,⁴ PPCA,⁵ and FOS⁶ Riders, to be implemented on July 1, 2023. LUMA also submitted the reconciliation for the month of May 2023.


After a thorough analysis of the documents filed with the May 31 and June 20 Motions, the Energy Bureau **ORDERS** LUMA to file, **on or before 12:00 p.m. on Wednesday, June 28, 2023**, a response to the Requirements of Information set forth in Attachment A to this Resolution and Order.

The Energy Bureau **WARNS** LUMA that, noncompliance with the provisions of this Resolution and Order, may result in the imposition of fines pursuant to Article 6.36 of Act 57-2014.⁷

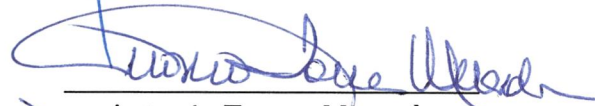
Be it notified and published.


Edison Avilés Deliz
Chairman


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner


Sylvia B. Ugarte Araujo
Associate Commissioner


Antonio Torres Miranda
Associate Commissioner

¹ Contribution in Lieu of Taxes Cost Adjustment Rider ("CILTA").

² Help to Humans Subsidy Rider ("SUBA-HH").

³ Non-Help to Humans Subsidy Rider ("SUBA-NHH").

⁴ Fuel Charge Adjustment Rider ("FCA").

⁵ Purchased Power Charge Adjustment Rider ("PPCA").

⁶ Fuel Oil Subsidy Rider ("FOS").

⁷ *Puerto Rico Energy Transformation and RELIEF Act*, as amended (Act 57-2014").



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 23, 2023. I also certify that on June 23, 2023 a copy of this Resolution and Order was notified by electronic mail to: yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com, jmarrero@diazvaz.law; hriviera@jrsp.pr.gov; brannen@genera-services.com; kbolanos@genera-pr.com; regulatory@genera-pr.com; and I have moved forward with filing the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today, June 23, 2023.



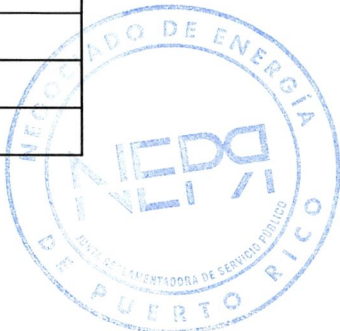
Sonia Seda Gaztambide
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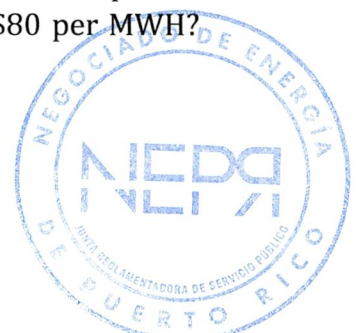
ATTACHMENT A

- 1) Refer to Attachment 6 to the quarterly factor filing, which is the annual sales forecast for July 2023 through June 2024. That is in the Excel file - [July-September 2023 Proposed Factors.xlsx] on tab: Attachment 6, which was in the CONFIDENTIAL folder:
- a. Please address what the Puerto Rico Electric Power Authority (“PREPA”) and LUMA have done to improve the load forecasting process and accuracy.
 - b. Explain what the “Dmax” factor on Excel row 24 represents.
 - c. How is the “Dmax” factor determined? (are all typed in numbers)
 - d. What does the “Gen” factor on Excel row 23 represent?
 - e. How is the “Gen” factor determined? (are all typed in numbers)
 - f. The forecast for July 2023 through June 2024 shows peak monthly kwh sales in July 2023 but peak generation in August 2023. How come generation is forecast to peak in August 2023 but sales (load forecast) peaks in July 2023?
 - g. Does the difference between Total Consumption (Excel line 10) and Gross Generation (Excel line 12) represent line losses and internal use? If not, what do those differences represent?
 - h. Is any of the internal use metered? Is data maintained on monthly or annual internal use/consumption of electricity? What data is maintained for that?
 - i. Why are the line losses so high? (The following table shows calculated information based on the differences between forecasted generation and monthly consumption and dividing the differences by the monthly forecasted generation – with those differences presumably representing line losses):

Month	Difference between Gross Generation and Consumption (Line losses?)	Percent line losses (Difference divided by generation)
July 2023	211.77	13.0%
Aug	264.38	15.9%
Sep	225.18	14.1%
Oct	222.05	13.7%
Nov	188.55	12.9%
Dec	207.70	14.3%
Jan 2024	216.33	15.8%
Feb	214.96	16.9%
Mar	144.67	10.3%
Apr	189.13	13.4%
May	190.73	12.4%
Jun	244.27	15.4%
Total	2,519.73	14.0%



- j. Are improvements being made to the transmission and distribution system that will reduce line losses and improve system reliability? Explain.
- 2) Have PREPA or LUMA reviewed how accurate the sales forecast for July 2022 through June 2023 has been, versus actual consumption?
- a. What analysis has PREPA or LUMA done with respect to evaluating sales and generation forecast accuracy for the fiscal year ending June 2023?
 - b. Were any “lessons learned” from reviewing evaluating sales and generation forecast accuracy for the fiscal year ending June 2023 that resulted in changes or improvements to the sales and generation forecast for the fiscal year July 2023 through June 2024? If so, explain.
- 3) Attachment 1, line 10 in the Quarterly Factors Excel file, shows the Reimbursement of FEMA Fuel Costs - Hurricane Fiona of \$(61,379,713.00). Is that a final amount?
- a. Are any further reimbursements from either FEMA or from Insurance expected related to Hurricane Fiona?
 - b. Have any other reimbursements been applied for either to FEMA or from Insurance for other extreme weather events? If so, please explain for which events and how much has been requested for other reimbursements.
- 4) Attachment 3. Projected Fuel and Purchased Power Expenses for the Month For the Months of July 2023 to September 2023:
- a. Do any of the generating units have planned maintenance outages for the July 2023 through September 2023 period? Which ones, when and why?
 - b. Are there any anticipated issues with fuel deliveries (such as not receiving the full quantities of fuel purchased or anticipated to be purchased, or with shipping delays, etc.) that are impacting the forecasted amount for the July 2023 through September 2023 period? If so, explain.
 - c. Why does the solar purchased power cost so much (about \$186 per MWH), which is one of PREPA’s highest cost per MWH sources of power?
 - d. Does PREPA/LUMA use all source requests for proposal as the basis for buying renewable purchased power?
 - e. How does PREPA/LUMA negotiate or determine the prices that will be paid for the solar and wind purchased power contracts?
 - f. In terms of dispatching generating and purchased power resources, does PREPA/LUMA have to dispatch all renewable generation first? Please explain.
 - g. In terms of other purchased power, it appears that EcoEléctrica power is now at a lower per MWH cost than power purchased from the AES coal-fueled generating plant. What has caused the cost of power from the AES coal-fueled generating plant to now be above \$80 per MWH?
 - h. Has PREPA or LUMA done any investigation into why the cost of the power from the AES coal-fueled generating plant is now above \$80 per MWH? What analysis was done?



- i. Does PREPA continue to have the ability or right to examine fuel or power costs that it is being charged by AES under that purchased power agreement?
 - j. Have there been revisions to the AES purchased power agreement in fiscal year 2023? What revisions were made?
 - k. Is PREPA/LUMA dispatching the EcoEléctrica power (which is now at a lower projected cost per MWH than the AES provided power)?
 - l. Is PREPA obligated to take a minimum amount of power from the AES coal-fueled generating facility on a monthly or annual basis? If so, explain what the monthly and annual minimum takes are and what is the basis for those.
 - m. When does PREPA's purchased power agreement with AES for the power from the AES coal-fueled plant expire?
 - n. Is there a mandatory retirement date for the AES coal-fueled plant? When?
 - o. Does PREPA/LUMA have a plan for replacement capacity once the AES coal-fueled plant is retired? Is that plan part of PREPA/LUMA's integrated resource plan?
 - p. The prices per MWH that PREPA is paying for solar and wind purchased power (PPAs) on a per MWH basis is even higher than the per MWH cost for LFG (landfill gas?) and are higher than the per MWH cost for fossil fuel-based generation from residual and diesel fuel. What is the explanation for why the prices per MWH from the solar and wind generation are so high?
- 5) Attachment 4 has a line item for Authority Use costs, and Excel column M shows quantities.
- a. Is the "Authority Use Costs" item on Excel line 15 for PREPA's use of natural gas? How is the "Authority Use" quantity measured?
 - b. Why are there "Authority Use" adjustments for AES and Ecoeléctrica (Excel column M, lines 9 and 10)?
 - c. How does PREPA recover the cost that is associated with "Authority Use"?
- 6) Attachment 4 – what are the "C.E.R'S AND APX" in Excel column K?
- 7) Attachment 4 – there are no amounts for "Invoice Adjustments" in Excel column L, but there is a downward adjustment of about \$12.5 million for Naturgy seller shortfall credits on line 28 as an "Other Adjustments (Naturgy Seller Shortfall Credits, Q1)" –
- a. What is the difference between "Invoice Adjustments" and that "Other Adjustments" item?
 - b. Was the Naturgy "Other Adjustments" item adjusted on revised invoices that were submitted by Naturgy and/or to resolve the dispute that PREPA had with Naturgy? What documentation does PREPA/LUMA have concerning that Naturgy "Other Adjustments" item?
- 8) Attachment 4, Excel line 28, has a downward adjustment of about \$12.5 million for Naturgy seller shortfall credits.
- a. Are there any current disputes with Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.



- b. Are there any current disputes with fuel suppliers other than Naturgy concerning LNG deliveries or LNG BTU content? If so, explain and provide an estimate of the magnitude of the disputed items.
- 9) Attachment 5 – Subsidies Riders costs. Please describe the primary causes of the reconciliation items that are affecting each of the Subsidies Riders (i.e., how much of each of those reconciliation items relates to (1) sales forecasts being different than actual kWh sales and (2) how much is for cost differences, i.e., actual costs being different than forecasted costs):

a. CILT prior period reconciliation: \$11.43 million

b. SUBA-HH prior period reconciliation: \$19.664 million

c. SUBA-NHH prior period reconciliation: \$3.63 million
- 10) Attachment 5, re Energy Efficiency program:

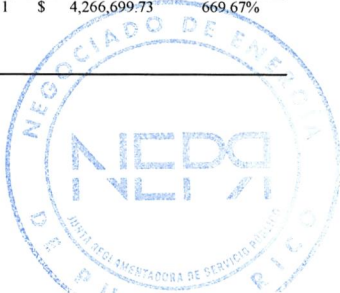
a. Is the implementation of the EE program expected to have an impact on kWh sales for the Fiscal Year beginning July 1, 2023?

b. Was the impact of the EE program considered/factored into the development of the sales forecast for the Fiscal Year beginning July 1, 2023 that is shown on Attachment 6? If not, why not? What is the expected impact from EE on the sales forecast for the Fiscal Year beginning July 1, 2023?
- 11) Attachment 8 – are any of the "Energy Consumption(kWh)" figures used to compute estimated bill impacts on Attachment 8 expected to be impacted by Energy Efficiency programs? If not, why not? If so, how is the EE impact being considered on the Attachment 8 Energy Consumption figures?
- 12) Please refer to the table below which shows a breakdown of the current and proposed Prior Period Reconciliations for each of the three annual factors. As shown below, the cost for all three factors, CILT, SUBA-HH, and SUBA-NHH increased between May 2021-April 2022 and May 2022-April 2023.

Prior Period Reconciliation Comparison - Current vs. Proposed Subsidy Factors

Line No.	Description	Currently Approved for July 2022 to June 2023 (A)	Proposed for July 2023 to June 2024 (B)	Change (\$) (C)	Change (%) (D)
Contribution in Lieu of Taxes - CILT					
1	CILT Cost for Year - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 85,482,457.16	\$ 110,866,861.48	\$ 25,384,404.32	29.70%
2	Prior Period Adjustments - May 2021-April 2022 and May 2022-April 2023, respectively	\$ (22,325,133.37)	\$ 6,010,852.66	\$ 28,335,986.03	126.92%
3	Adjustments by Customer Service	\$ (1,546,885.22)	\$ (4,066,102.42)	\$ (2,519,217.20)	-162.86%
4	CILT Cost to be Recovered	\$ 61,610,438.57	\$ 112,811,611.72	\$ 51,201,173.15	83.10%
5	Billed Sales for CILT - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 54,337,791.46	\$ 101,381,010.85	\$ 47,043,219.38	86.58%
6	Other Adjustments	\$ -	\$ -	\$ -	
7	Amount to be Recovered or (Returned); CILT Rider	\$ 7,272,647.10	\$ 11,430,600.87	\$ 4,157,953.76	57.17%
Subsidies (Help to Humans) - SUBA-HH					
8	Subsidy Cost for Year - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 180,739,402.19	\$ 223,524,052.01	\$ 42,784,649.82	23.67%
9	Prior Period Adjustments - May 2021-April 2022 and May 2022-April 2023, respectively	\$ (15,456,939.04)	\$ 1,765,805.42	\$ 17,222,744.46	111.42%
10	Subsidy Cost to be Recovered	\$ 165,282,463.14	\$ 225,289,857.43	\$ 60,007,394.28	36.31%
11	Billed Sales for Subsidy HTH - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 163,145,980.96	\$ 205,625,663.08	\$ 42,479,682.13	26.04%
12	Other Adjustments	\$ -	\$ -	\$ -	
13	Amount to be Recovered or (Returned); HTH Subsidies	\$ 2,136,482.19	\$ 19,664,194.34	\$ 17,527,712.16	820.40%
Subsidies (Non Help to Humans) - SUBA-NHH					
14	Subsidy NHTH Cost for Year - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 12,378,853.02	\$ 14,966,094.18	\$ 2,587,241.16	20.90%
15	Prior Period Adjustments - May 2021-April 2022 and May 2022-April 2023, respectively	\$ (2,500,690.85)	\$ (526,595.10)	\$ 1,974,095.75	78.94%
16	Subsidy Cost to be Recovered	\$ 9,878,162.17	\$ 14,439,499.08	\$ 4,561,336.91	46.18%
17	Billed Sales for Subsidy NHTH - May 2021-April 2022 and May 2022-April 2023, respectively	\$ 10,515,299.79	\$ 10,809,936.97	\$ 294,637.18	2.80%
18	Other Adjustments	\$ -	\$ -	\$ -	
19	Amount to be Recovered or (Returned); NHTH Subsidies	\$ (637,137.62)	\$ 3,629,562.11	\$ 4,266,699.73	669.67%

Notes and Source:
Col. A: ANNUAL RECONCILIATION-CILT AND SUB RIDERS-MAY 2021 TO APRIL 2022 5-20-2022" Excel file from June 15, 2022 filing
Col. B: "ANNUAL RECONCILIATION- CILT AND SUB RIDERS-MAY 2022 TO APRIL 2023" Excel file from May 31, 2023 filing



- a. As shown on line 1 in the table above, the CILT cost for May 2021-April 2022 was \$85,482,457.16 and the CILT cost for May 2022-April 2023 was \$110,866,861.48. Please explain why the Company's estimated total cost of CILT is \$97,583,355.03, as shown on Attachment 5, when the cost of CILT increased in the last two years.
- b. As shown on line 8 in the table above, the SUBA-HH cost for May 2021-April 2022 was \$180,739,402.19 and the SUBA-HH cost for May 2022-April 2023 was \$223,524,052.01. Please explain why the Company's estimated total cost of SUBA-HH is \$192,485,728.98, as shown on Attachment 5, when the cost of SUBA-HH increased in the last two years.
- c. As shown on line 14 in the table above, the SUBA-NHH cost for May 2021-April 2022 was \$12,378,853.02 and the SUBA-NHH cost for May 2022-April 2023 was \$14,966,094.18. Please explain why the Company's estimated total cost of SUBA-NHH is \$12,486,437.16, as shown on Attachment 5, when the cost of SUBA-NHH increased in the last two years.

