

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

**NEPR**

**Received:**

**Jun 6, 2023**

**1:46 PM**

IN RE: REVIEW OF LUMA'S INITIAL  
BUDGETS

**CASE NO. NEPR-MI-2021-0004**

**SUBJECT: Submission in Compliance with  
Resolution and Order dated May 23, 2023**

**SUBMISSION IN COMPLIANCE WITH RESOLUTION AND ORDER  
DATED MAY 23, 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 in partial compliance with the Energy Bureau's Resolution and Order dated May 23, 2023:

1. On May 15, 2023, LUMA submitted to this Puerto Rico Energy Bureau (the "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").

2. On May 23, 2023, after other procedural developments, the Energy Bureau issued a Resolution and Order (the "May 23<sup>rd</sup> Order") whereby, in what is pertinent, determined that

“additional information is required for its review of the Proposed Consolidated FY2024 Budgets.” See, the May 23<sup>rd</sup> Order at 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 23<sup>rd</sup> Order.<sup>1</sup>

3. The Second RFI included 41 requests for information (“RFIs”) directed to LUMA, some of which include multiple subparts for a total of 69 requests pertaining to 13 distinct topics. Further, in request for information number 90 and Table 1 of the May 23<sup>rd</sup> Order, this Energy Bureau directed that LUMA provide explanations on its compliance with certain requirements of the Resolution and Order of February 27, 2023, whereby this Energy Bureau approved the FY2023 T&D Budgets.

4. In compliance with the May 23<sup>rd</sup> Order, LUMA includes its Responses to the Second RFI as ***Exhibit 1*** herein.

5. Regarding request for information number 10, which directs LUMA to “[p]rovide in one consolidated document, tables comparing FY 2023 budgeted amounts, FY 2023 actual expenditures, and FY 2024 proposed amounts, for all expense categories (this includes Bad Debts, Shared Services) incurred or proposed to be incurred by each entity to which the budgets apply, i.e., LUMA, GENERA, PREPA (HydroCo and HoldCo),” LUMA is submitting today a table that consolidates the information for LUMA and Genera. LUMA is separately submitting the information produced by PREPA. It is respectfully informed that the information provided by

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<sup>1</sup> Through the May 23<sup>rd</sup> 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 23<sup>rd</sup> Order.

PREPA was received yesterday afternoon and, thus, LUMA did not have sufficient time to consolidate it with the rest the documents containing LUMA's and Genera's information. Upon initial review of the information provided by PREPA, LUMA also noticed that the data format is not consistent with previous budget submissions, nor does it conform to P3A's budget allocation for HoldCo and HydroCo.

6. Finally, LUMA respectfully informs that with ***Exhibit 1***, in response to RFI 33, it is submitting two confidential spreadsheets in their native *Excel* format: CONFIDENTIAL ROI-LUMA-MI-2021-0004-20230523-PREB-033 Attachment 2\_load forecast modifiers.xlsx and CONFIDENTIALROI-LUMA-MI-2021-0004-20230523-PREB-033Attachment1\_Load forecast.xlsx. LUMA requests that these *Excel* spreadsheets 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 Excel mentioned spreadsheets 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; **deem** the May 23<sup>rd</sup> Order complied with as it pertains to the ROIs which responses LUMA includes herein as ***Exhibit 1***; and **receive and maintain under seal of confidentiality** the two spreadsheets in their native *Excel* format that are being submitted today with the responses to RFI 33: CONFIDENTIAL ROI-LUMA-MI-2021-0004-20230523-PREB-033 Attachment 2\_load forecast modifiers.xlsx and CONFIDENTIALROI-LUMA-MI-2021-0004-20230523-PREB-033Attachment1\_Load forecast.xlsx.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, this 6<sup>th</sup> 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](mailto:jmarrero@diazvaz.law) and [mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law); and to Genera PR LLC, through counsels of record, Jorge Fernandez-Reboredo, [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com) and Alejandro López Rodríguez, [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com).



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*Exhibit 1*  
*Responses in Compliance with May 23<sup>rd</sup> Order*  
*Excel Files submitted separately in native form*

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-001**

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## SUBJECT

Revenue and Other Income

## REQUEST

Refer to Table 3.6, Appendix A, LUMA FY2024 Budget Filing:

- a. Explain how the Forecast Sales (GWh) for FY2024, FY2025, and FY2026 were derived.
- b. Explain how the Projected Sales for FY2024, FY2025, and FY2026 were derived.
- c. Explain how the Total Rate Base Revenue for FY2024, FY2025, and FY2026 was derived.
- d. Provide the specific Base Rate used in each FY calculation and explain the derivation of each.
- e. Explain in detail, with component amounts, the derivation of Other Income for FY2024, FY 2025, and FY2026.
- f. Explain in detail, with component amounts, the derivation of Other Cost Recovery Income Directly Allocated for FY2024, FY2025, and FY2026.

## RESPONSE

- a. The forecast annual total consumption (Forecast Sales, GWh) in each fiscal year is the sum of forecast energy consumption of the Residential, Commercial, Industrial, Agricultural, Public Lighting, and Other Authorities classes of customers. Forecast consumption for the Residential, Commercial, and Industrial classes is derived from:
  1. **Regression Parameters:** Estimated historical relationships between monthly class consumption and: weather, macroeconomic and demographic factors, and the transitory effects of the COVID-19 pandemic.
  2. **Input Forecasts.** Forecast macroeconomic inputs provided by the FOMB, "normal" (50<sup>th</sup> percentile) weather (cooling degree days), and assumptions regarding Residential customers' reversion to pre-COVID consumption patterns.
  3. **Load Modifiers:** The projected impact on class-level consumption of key load modifiers, including solar photovoltaic (PV) distributed generation (DG), combined heat and power (CHP), energy efficiency programs, and electric vehicle (EV) adoption.

## RESPONSES TO MAY 23, 2023 REQUESTS

**Regression model specifications** (used to estimate regression parameters):

- i. Residential monthly consumption was regressed on weather (cooling degree days, CDD), population, monthly seasonality, and a binary variable to control for the observed step-change in Residential consumption that was coincident with the onset of the COVID-19 pandemic.
- ii. Commercial monthly consumption was regressed on weather CDD, GNP, monthly seasonality, and a binary variable to control for the short-lived decline in Commercial consumption in the period of March through May of the calendar year 2020.
- iii. Industrial monthly consumption was regressed on GNP and monthly seasonality.

**Input macroeconomic and demographic forecast values (“macros”)** are provided by the Financial Oversight and Management Board (FOMB) on March 24, 2023 and include:

- i. Gross National Product (GNP)
- ii. Population

The estimated regression parameters are applied to the input monthly forecast variables and aggregated by fiscal year to deliver the base forecast.

The three smaller classes' forecast consumption is constant throughout the analysis period based on the following:

1. Agricultural and Other Authorities were forecast according to the average from FY2022 and 2023.
2. Public Lighting consumption was forecast by holding constant the estimated consumption volumes from FY2023.

Finally, load modifiers are applied. Load modifier adjustments are the estimated impact on consumption by each class of the adoption of DG, CHP, EVs, and EE, incremental to that observed in the year immediately preceding the forecast period.

- b. The Projected Sales (\$) for FY 2024 to 2026 were derived from the current Permanent Rate Structure with all the charges: Base rate, Fuel Charge Adjustment (FCA), Purchase Power Charge Adjustment (PPCA), Contribution in Lieu of Taxes Rider (CILTA), Help to Humans Subsidy Rider (SUBA-HH), Non-Help to Humans Subsidy Rider (SUBA-NHH) and Energy Efficiency Rider (EE).
- c. The Total Base Revenue was derived from the current Permanent Rate Structure base cost by rate using a revenues simulation. The Load and Customer Forecast are distributed by rate according to the FY 2022 profile, and the current base costs for each rate are applied.

## RESPONSES TO MAY 23, 2023 REQUESTS

- d. The base revenues were derived according to the rate structure approved by PREB. Refer to the Docket CEPR-AP-2015-0001 applied to the load and the customer counts forecasted by rate.

Consumo				Demanda	Consumo		
\$/KWH	1 BLQ O ON PEAK	2 BLQ O OFF PEAK	CARGO ENERGIA	CARGO DEMANDA	ON PEAK	OFF PEAK	Fixed charge
RH3	0.00694	0.05564	0.08449	8.10	8.10	1.10	2.00
RFR		0.05564					200.00
LRS	0.02054	0.05564					450.00
GRS	0.04944	0.05564					200.00
GSS				450.00			
GSP	0.04694	0.03894		450.00			
GST	0.03650	0.03250		450.00			
TOU-P	0.05779	0.01879		450.00			
LIS	0.02496	0.01896		450.00			
TOU-T	0.04679	0.01779		450.00			
SBS TOU-T	0.04679	0.01779		7.70	1.00	450.00	
PPBB			0.02811				521.68
GAS			0.06179				10.00
CATV			0.08449				5.00
USSL			0.08449				4.60
PLGUM 001			5.90000				
PLGUM 002			6.32000				
PLGUM 003			7.05000				
PLGUM 004			7.89000				
PLGUM 005			12.16000				
PLGUM 006			13.32000				
PLGUM 007			18.16000				
PLGUM 010			8.95000				
PLGUM 011			9.32000				
PLGUM 012			10.10000				
PLGUM 013			10.89000				
PLGUM 014			13.16000				
PLGUM 015			14.32000				
PLGUM 020			5.82000				
PLGUM 021			7.83000				
PLGUM 022			13.41000				
PLGUM 023			28.03000				
PLGUM 024			25.03000				
PLGUM 025			4.22000				
PLGUM 026			6.18000				
PLGUM 027			8.31000				
PLGUM 028			12.08000				
PLGUM 035			3.10000				
PLGUM 050			8.95000				
PLGUM 051			9.32000				
PLGUM 052			10.10000				
PLGUM 053			10.89000				
PLGUM 054			13.16000				
PLGUM 055			14.32000				
PLGUM 056			5.78000				
PLGUM 060			1.51000				
LP-13 414	0.09779	0.08779					
PLG 421			0.07779				5.00
PLG 422			0.04529				5.00
PLG 423			0.05929				
PLG 424			0.04529				5.00
PLG BUS SHELTER 072			7.51000				
PLG POLICE 073			2.00000				
PHONE CABIN 060			1.51000				



## RESPONSES TO MAY 23, 2023 REQUESTS

e-f. The FY2024 Budget and FY2025-FY2026 projections for Other Income and Other Cost Recovery Income Directly Allocated were developed based on FY2023 actuals year-to-date annualized and inflated. Please see the below table for the component amounts, which have been discussed and approved with P3A during the FY2024 Budget Allocation process.

USD in 000s

FISCAL YEAR 2023 - YTD Plus Estimate	Total	Allocation	Proportionate To All	GenCo	GridCo
<b><u>Non-Operating</u></b>					
Interest Income from Operating, Construction, Sinking Funds	15,322	Proportionate To All	15,322	0	0
Scrap Sales	475	GridCo	0	0	475
Misc Non-Operating Income - PrepaNet	514	Proportionate To All	514	0	0
Other Miscellaneous - Pharmacy Rebates	4,282	GenCo	0	4,282	0
Misc Non-Operating Income – Other	32	GridCo	0	0	32
<b>Total Non-Operating</b>	<b>20,625</b>				
<b><u>Other Operating</u></b>					
Late Payment Charge	30,127	Proportionate to All (with GridCo recovery of associated costs)	23,597	0	6,530
Miscellaneous Service Revenue	8,481	GridCo (with Interest on past due balances proportionate to all)	2,939	0	5,542
PREB Regulatory Charge to Energy Providers	0	GridCo	0	0	0
Admin Penalty / Expenses for Irregular Energy Consumption	-144	GridCo	0	0	-144
<b>Total Other Operating</b>	<b>38,608</b>				
<b>Total Other Income (Non-Operating and Operating)</b>	<b>59,233</b>		<b>42,372</b>	<b>4,282</b>	<b>12,434</b>

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-002**

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## SUBJECT

Additional Available Funding

## REQUEST

In the May 16 Motion, Appendix A, p. 20, Table 1-4, LUMA identifies for FY 2024, Other Income of \$42 million, Other Cost Recovery Income Directly Allocated of \$17 million, and Additional Available Funding of \$130 million.

- a. Explain in detail, with component amounts for each, the derivation of Additional Available Funding for FY 2024.
- b. Other than those funds and income enumerated above, have additional income or excess funds been identified?
- c. Is there an expectation that additional unallocated funds will become available during FY 2023 or FY 2024?

## RESPONSE

- a. The Additional Available Funding for FY2024, which the P3A approved and the FOMB was consulted on, consists of cash deposited or to be deposited in certain PREPA accounts. Cash in hand includes reimbursements received for federally funded activities and collections by LUMA of historical past-due accounts from the Commonwealth of Puerto Rico. The cash to be deposited that may result in excess funds that could be utilized in FY2024 includes two additional amounts: (1) additional outstanding bill payments of \$94.4 million, which may be collected from the Commonwealth of Puerto Rico in FY2024; (2) of the \$52.5 million that has been included in the FY2024 budget allocation for the Genera PR Service Fee, only \$22.5 million of that amount will actually be paid in FY2024 (or shortly after); \$30.0 million relates to incentive payments that Genera may or may not earn, and if such amounts are earned, the payments will occur during FY2025, not in FY2024.

## RESPONSES TO MAY 23, 2023 REQUESTS

The breakdown of these amounts is as follows:

<b>Cash Deposited</b>	
Cash related to reimbursements for federally funded activities <sup>1</sup>	\$156.8 million
Outstanding bill payments collected from the Commonwealth of Puerto Rico in FY2023	\$96.3 million
<b>Cash To Be Deposited</b>	
Outstanding bill payments expected to be collected from the Commonwealth of Puerto Rico in FY2024	\$94.4 million
Difference between General Service Fee included in the FY2024 budget allocation and the fee to be paid in FY2024	\$30.0 million
<b>Total</b>	<b>\$377.5 million</b>

Although Additional Available Funding of \$377.5 million has been identified, only \$130 million was included in the budget allocation, which was the amount required to make up for the \$130 million deficit between the Base Rate Revenue Requirement of \$1.256 billion and the Base Rate revenues of \$1.171 billion.

- b. No additional amounts that may result in excess funds that could be utilized in FY2024 have been identified.
- c. It is unknown whether additional unallocated funds will become available during FY2023 and FY2024. However, if FEMA reimburses PREPA for additional historical spending or if LUMA collects additional outstanding bill payments over the amounts identified above, such amounts may become available.

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<sup>1</sup> This amount is comprised of the balance in PREPA's FEMA reimbursement accounts as of May 3, 2023, net of \$180.5 million that relates to LUMA scopes of work that PREPA has failed to transfer to LUMA's FEMA reimbursement account in violation of PREPA's obligations under the T&D OMA as well as approximately \$130.0 million which was transferred from PREPA's general account to its FEMA reimbursement account for reasons that are not understood by LUMA. Some of the \$156.8 million may be restricted cash under a Working Capital Advance from FEMA.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-003**

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## **SUBJECT**

Additional Available Funding

## **REQUEST**

In the May 16 Motion, Exhibit A, p. 11, LUMA states, "As a result of increases in reimbursements for federally funded activities and increased collections on historical past due accounts, additional funds have been identified and authorized for use by the P3A. With approval from the Puerto Rico Energy Bureau, these additional funds will be dedicated to operational and capital expenditures for transmission, distribution generation and other activities."

- a. What is the specific source breakdown and what are the specific amounts of the referenced funds for which PREB approval will be requested? Provide full details.
- b. When will formal application be made, with supporting documentation, for approval of the additional funds for use in the FY 2024 Proposed Budgets?

## **RESPONSE**

- a. Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-002.
- b. LUMA requests to use these funds as part of the FY2024 Annual Budgets submission. The P3A approved use of these funds, as outlined in Appendix B of the FY2024 Annual Budgets submission, and the FOMB has been consulted.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-004**

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## **SUBJECT**

LUMA Fee

## **REQUEST**

Explain the derivation of LUMA's Fee for FY 2024, projected to be \$129.162 million in Table 3.3 of the May 16 Motion, Appendix A, p. 43.

## **RESPONSE**

The estimated T&D Operator service fee has been derived based on the Interim Period Service Fee calculation as specified in the T&D OMA. As stated in Section 3.3 of the Supplemental Terms Agreement, "as compensation for Operator's performance of the Interim Period Services, and solely for the duration of the Interim Period, Owner shall pay ManagementCo an annual fixed management service fee equal to One Hundred Fifteen Million Dollars (US\$115,000,000.00) in 2020 Dollars, such amount to be adjusted for inflation in the manner set forth in Annex VIII (Service Fee)..." Annex VIII of the T&D OMA states that "...the phrase "2020 Dollars" means that the relevant amount will be adjusted to account for inflation, at the start of each Contract Year, by the respective annual CPI Factor(s) to reflect a nominal value for the Contract Year."

Accordingly the service fee for FY2024 is projected by multiplying \$115 million by an estimated CPI factor of 1.123144 based on monthly CPI data from the US Bureau of Labor Statistics.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-005**

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## **SUBJECT**

General

## **REQUEST**

What Title III Exit Date Assumptions were used in the FY 2024 Proposed Budgets. From where were they derived?

## **RESPONSE**

The end of FY2024 (June 30, 2024) is the Title III exit date assumption used to develop the FY2024 Annual Budgets. This is based on guidance LUMA received from FOMB and is to our knowledge consistent with current Title III proceedings.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-006**

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## SUBJECT

General

## REQUEST

What is the status of LUMA's Loss Recovery Program? It appears from the Timeline and Milestones in the May 16 Motion, Appendix A, p.90, that no Timelines or Milestones have been achieved.

## RESPONSE

The status of LUMA's Loss Recovery Program is currently in progress, and the foundational activities are anticipated to be completed at the end of FY2023. While it may appear that timeline and milestones referred to in the May 16 Motion, Appendix A, page 90, have not been achieved, LUMA is actively engaged in various stages of the Loss Recovery Program, working towards reducing Non-Technical Losses (NTL) and implementing measures to monitor and address energy irregularity diversions issues. There are several activities underway as part of the establishing the foundation of the long term and extensive efforts at reducing non-technical losses.

LUMA established its plan for reducing NTLs through the initial organizational planning done in front end transition, including standardizing field investigations as well as centralizing and streamlining back-office work. A comprehensive NTL reduction plan includes completion of demarcation or boundary metering between generation facilities and the bulk electric transmission system. The comprehensive reduction plan is a coordinated effort involving activities in Customer Experience, Metering, Operations, Engineering, System Operations.

LUMA's initial focus has been to hire, train and prepare processes and procedures for addressing non-technical line losses related to unbilled, underbilled, estimated and related billing items. Improving collections of billed revenue to reduce losses is an important parallel effort that has advanced. Processes, procedures, training and internal data-sharing of Billing and Collections-related NTLs allows improved tracking and assessment of losses.

*Field inspections.* LUMA has trained more than 250 field and supervisory employees on the proper detection of irregularities, documentation procedures, evidence handling procedures and so forth. Field inspections are being conducted to identify and address NTLs. This involves physical inspections of meters and other relevant equipment. Thousands of inspections have been completed since LUMA began

## RESPONSES TO MAY 23, 2023 REQUESTS

operations. These inspections detect and correct an existing irregularity and create awareness among customers that LUMA is actively mitigating irregularities.

*Procurement of field equipment.* LUMA is acquiring field equipment required for conducting investigations and inspections related to NTLs. This equipment will facilitate the identification and resolution of meter violations and issues.

*Continued monitoring of the meters.* LUMA will continue to monitor meters through physical inspections or electronically. Ongoing monitoring helps identify any anomalies or irregularities. As Advanced Metering Infrastructure (AMI) is implemented, monitoring will be more efficient.

*Addressing meter violations/issues.* As meter violations or issues are discovered through monitoring and inspections, LUMA addresses them. This ensures that NTL-related problems are resolved in a timely manner.

*Maintaining a minimum personnel and inspection crew.* LUMA maintains a team of trained professionals both in the back-office and in the field, to ensure that non-technical losses are mitigated. This aspect of the loss recovery efforts are key to sustaining the effectiveness of the Loss Recovery Program.

*Coordination with Law Enforcement.* LUMA is coordinating with the Puerto Rico Police Bureau and the Department of Public Safety to pilot the process regarding referral for criminal prosecution of identified energy irregularities. We are currently conducting pilot projects for coordination in Arecibo and Bayamon.



# Review of LUMA's Proposed Consolidated FY2024 Budgets

## NEPR-MI-2021-0004

### Response: ROI-LUMA-MI-2021-0004-20230523-PREB-007

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#### SUBJECT

General

#### REQUEST

As stated in the May 16 Motion, Appendix A, p. 17, Grid Co Operating Expenses are about \$13 million higher than those approved under the July 13, 2022, FY 2023. Budget Filing. Please explain the reasons for the increase.

#### RESPONSE

The FY2023 budget request dated July 13, 2022 requested approval for budgeted amounts in FY2023 and FY2024-25 amounts were included as projections. Differences between budgeted and projected amounts on specific line items are due to a wide range of factors.

LUMA notes that the 2.4% difference in overall Operating Expenses is modest when compared to the 6.5% inflation this past year or the 14% inflation over the past two years.

The main drivers of the difference year over year, are due to:

- i. \$7.7 million (3.1%) increase in labor proposed expenditures from FY23 to FY24 Budget. The increase is due to LUMA increasing headcount to continue to deliver on T&D services, along with salary and wage increases in alignment with labor agreements and to align with market rates.
- ii. \$5.3 million (1.8%) increase in non-labor proposed expenditures from FY23 versus FY24 Operating Budget. The overall increase is due to non-labor budget changes that have occurred during the FY24 planning cycle, including higher Professional and Technical Outsourced Services, Material & Supplies, IT Service Agreements, Legal Services; and lower Transportation, Per Diem, & Mileage, Security, Utilities & Rents, and Property & Casualty Insurance premiums.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-008**

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## SUBJECT

General

## REQUEST

As set forth in the May 16 Motion, Appendix A, p. 17, GridCo Non-Federally Funded Capital Expenditures are approximately \$11 million higher than those approved pursuant to the July 13, 2022 FY 2023 Budget Filing. Please explain the reasons for the increase.

## RESPONSE

The FY2023 budget request dated July 13, 2022 requested approval for budgeted amounts in FY2023 and FY2023-25 amounts were included as projections. Differences between budgeted and projected amounts on specific line items are due to a wide range of factors. Projections are for periods that are 18 - 36 months from the time they are made, and are subject to material change.

To continue building a more reliable and resilient energy system, in FY 2024 LUMA is budgeting \$89 million. The budgeted amount is higher than the projection done in FY 2023 primarily due to 1) an increased budget of \$12 million in the Distribution portfolio, 2) a decrease in spending of \$6 million in the Substations portfolio, and 3) a \$5 million increase in the Customer Experience portfolio.

### **1. Distribution Portfolio - \$12 million increase**

Within the Distribution portfolio, LUMA is proposing to increase spending by \$12 million in the Distribution Line Rebuild program brief to build new lines to connect new customers and install and repair underground systems. In addition, the Distribution Pole and Conductor Repair program brief requires an incremental \$5 million in funding to repair emergent distribution poles that are in need of replacement due to safety concerns. This \$17 million difference is partially offset by a \$5 million decrease in Distribution Automation, for which LUMA has been able to fund more of the work through FEMA.

### **2. Substations Portfolio - \$6 million decrease**

The main drivers of this decrease in spend is attributable to LUMA being able to fund more of the work through FEMA. LUMA has been working on ways to utilize Federal Funding programs to carry out

## RESPONSES TO MAY 23, 2023, REQUESTS

initiatives previously considered Non-Federal Capital and several projects in this program are now forecasted to cost less than initially estimated.

### **3. Customer Service Portfolio - \$5 million increase**

The difference in the Customer Service portfolio between the projection submitted in July 2022 and the current budget submission is driven by a proposed increase in Distribution Meter Replacement & Maintenance funding for LUMA to a) replace damaged meters that require manual reads or bill estimates and b) install new meters with updated communication devices. Work has been limited to high-priority cases while the FEMA-funded AMI meter technology advances.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-009**

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## SUBJECT

General

## REQUEST

As set forth in the May 16 Motion, Appendix A, p. 17, GridCo Federally Funded Capital Expenditures are approximately \$222 million higher than those approved pursuant to the July 13, 2022, FY 2023 Budget Filing. In view of the significant underspending in Federal Funded Capital Expenditures, please explain the reasons for the increase.

## RESPONSE

The FY2023 budget request dated July 13, 2022 requested approval for budgeted amounts in FY2023 and FY2023-25 amounts were included as projections. Differences between budgeted and projected amounts on specific line items are due to a wide range of factors. Projections are for periods that are 18 to 36 months from the time they are made, and are subject to material change.

There has been a significant ramp up in electricity infrastructure construction throughout North America, and in other markets, due to the recovery from COVID, increased government spending, increased electrification and an acceleration of the transition to a lower carbon economy. Resources are being stretched. Delivery times are being extended through the electric utility space. In addition, the contracting process with federal and local requirements resulted in longer timelines than originally projected.

LUMA has been working through these challenges and accelerating execution of federally funded capital programs. In FY2023, LUMA demonstrated the ability to resource a work plan of over \$390 million. Month over month throughout FY2023, LUMA has increased its spending, reaching over \$45 million in spend in April. LUMA's work plan supports continued increases month over month as projects progress to material procurement and construction stages. Additionally, during the course of FY23, LUMA has demonstrated its ability to significantly grow the federal program even when factoring in disruption from Hurricane Fiona. Key contributors to the increase in spending year over year include new programs such as Vegetation Clearing (\$125 million), Microgrids (\$10 million), Substation Reliability (\$20 million), and Network Upgrades (\$27 million within the T-Line Rebuild Program). Additionally, LUMA is looking to incrementally advance the Streetlights (\$15 million), Distribution Automation (\$54 million), and Distribution Pole (\$13 million) Programs. Lastly, LUMA intends to procure materials and begin construction in the rebuild programs. LUMA has plans to utilize new services and material contracts to complete the additional work.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-010**

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## SUBJECT

General

## REQUEST

Provide in one consolidated document, tables comparing FY 2023 budgeted amounts, FY 2023 actual expenditures, and FY 2024 proposed amounts, for all expense categories (this includes Bad Debts, Shares Services) incurred or proposed to be incurred by each entity to which the budgets apply, i.e., LUMA, GENERA, PREPA (HydroCo and HoldCo).

## RESPONSE

Please refer to ROI-LUMA-MI-2021-0004-20230523-PREB-010 Attachment 1.

LUMA has included FY23 Approved Budget, FY24 Applied-for Budget, and FY23 9-month Actuals for LUMA's T&D Operating Expenditures, Capital, and Shared Service plans, as requested. LUMA has also included the FY23 approved, and FY24 proposed budgets for Bad Debts. However, LUMA is unable to provide Bad Debt actuals for FY23. Before LUMA took over operations in June 2021, customer charges in Oracle CC&B had not been properly managed through an executed dunning process, meaning that existing accounts receivable dating back many years are still showing as owing in the CC&B system. LUMA is in the process of remediating the extensive accounts receivable in the billing system. This process is part of a larger financial reporting effort that was identified by LUMA and reported to the PREB and the P3A. The deficiencies in the revenue and financial data and systems prevent LUMA from achieving financial reporting requirements under the OMA. Once the remediation of financial systems have been completed, LUMA will be able to report Bad Debt actuals for each period on a timely basis.

LUMA has further included the FY23 and FY24 GenCo, HydroCo, and HoldCo budgets. LUMA has contacted PREPA and requested the nine months of Actuals for GenCo, HyrdoCo and HoldCo. However, LUMA has not received this information from PREPA in time to be included in this response by the submission due date.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-011**

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## SUBJECT

Efficiency Savings

## REQUEST

In the July 13 FY 2023 Budget Proposal at Exhibit 1, pp. 57 - 58, LUMA projected Future Efficiencies of \$74.709 million for FY 2024 and \$152.274 million for FY 2025:

- a. What is the status of those projected efficiencies for FY 2024?
- b. Where is the degree of achievement of these efficiencies identified in the FY 2024 Budget Proposal?
- c. Why are no Future Efficiencies projected in the FY 2024 Budget Proposal for FY 2025 or FY 2026?

## RESPONSE

LUMA continues to find more effective ways to operate through daily operations and through the many improvement activities outlined in LUMA's Recovery and Transformation Framework. LUMA has become considerably more efficient and effective at delivering service reported through performance metrics Quarterly Filing (Docket No: NEPR-MI-2019-0007):

- LUMA's System Average Interruption Frequency Index (SAIFI) has decreased from the FY2020 PREPA baseline of 10.60 interruptions to 6.56 interruptions, resulting in a 38% improvement
- LUMA's System Average Interruption Duration Index (SAIDI) has decreased by 25% in the past year
- LUMA's average speed to answer has decreased from the FY2020 PREPA baseline of 8.30 minutes to 1.97 minutes resulting in a 76% improvement
- LUMA's wait time in Customer Service Centers has decreased from the FY2020 PREPA baseline of 30.9 minutes to 8.4 minutes resulting in a 73% improvement
- LUMA's percentage of the fleet out of service has decreased from the FY2020 PREPA baseline of 16% to 5% resulting in a 68% improvement

It should be noted that LUMA is achieving these unprecedented levels of improvement despite a lower budget in FY2023 than FY2022, significantly less purchase power due to inflation and significantly more reporting requirements and its associated costs.

Estimates for the two years beyond the next Fiscal Year (FY2024 and FY2025 in the case of the FY2023 Budgets) are merely estimated projections of inflated costs and the load forecast. They should not be

## RESPONSES TO MAY 23, 2023 REQUESTS

viewed as budgeted or planned. Historically, LUMA included this line item to make up for the projected revenue shortfall due to a significant decline in forecasted load in the two years beyond the next Fiscal Year. Each year LUMA develops a new budget based on the then-current load forecast, activities and conditions. LUMA's mandate is to Recover and Transform the T&D System, as outlined in the T&D OMA, LUMA's approved budgets and the System Remediation Plan. As such, LUMA is focused on advancing improvements to the system in order to deliver safe, reliable, resilient and sustainable energy to the people of Puerto Rico.

LUMA did not intend through its Annual Budget filings to imply that it would be able to quantify and track the degree of achievement of future efficiencies. Further, given that LUMA updates its budgets annually, LUMA has developed a new budget for FY2024 to reflect the current requirements and conditions. In the FY2024 Annual Budget case, LUMA has not included a line-item projecting future efficiencies. LUMA did not receive projections for FY2025 and FY2026 from all parties to establish a budget shortfall for the coming fiscal years and LUMA does not want to perpetuate a view that efficiencies can be quantified or are anything more than the difference between inflated costs and declining revenues. LUMA has clarified this matter on the record in the FY2023 and FY2022 budget filings and technical conferences.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-012**

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## **SUBJECT**

Efficiency Savings

## **REQUEST**

Where are the results in the FY 2024 Budget of the specific areas of expected efficiency savings identified by the Energy Bureau in its May 31, 2021 Resolution and Order?

## **RESPONSE**

Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-011.



# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-013**

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## **SUBJECT**

Efficiency Savings

## **REQUEST**

Have baselines been established from which efficiency savings can be measured? If not, why not?

## **RESPONSE**

Please refer to response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-011. Also, as stated in Section 4.0 of the budget submission, "To produce the kind of detailed reporting required by PREB [on efficiencies and cost savings], an external consultant is required. The activity is time consuming, resource intensive and would require a multiyear data collection and analysis effort to prepare each annual Efficiencies and Cost Savings Report. As such LUMA has not budgeted for this activity at this time."

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-014**

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## **SUBJECT**

Efficiency Savings

## **REQUEST**

Throughout the FY 2024 Budget proposal, increased efficiencies are alluded to in multiple areas. For one example of the many areas' efficiencies are alluded to, LUMA cites in Section 2.1 at p. 21, "building capabilities to enable efficiencies."

- a. How are these efficiencies measured and their success assessed?
- b. Where are these efficiencies measured in the FY 2024 Budget Proposal?

## **RESPONSE**

Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-011.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-015**

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## SUBJECT

Efficiency Savings

## REQUEST

Describe how these efforts result in efficiency savings for ratepayers:

- Making Contracting of services more efficient
- Revenue collections from past due bills to be more effectively addressed.
- Transmission line losses will be minimized.
- Energy theft will be reduced.
- Customers without meters or with malfunctioning meters will be addressed.
- The electric distribution infrastructure will become more efficient.

## RESPONSE

LUMA understands the importance of pursuing efficiency and reducing costs to optimize operations. However, we also recognize the importance of compliance with state and federal regulations. Aggressive cost-cutting can impact building additional compliance to regulations and industry standards.

### **Making Contracting of services more efficient**

LUMA prioritizes maintaining proper diligence and adhering to legal requirements when performing contracting services on behalf of PREPA.

By ensuring compliance with relevant regulations and laws, we create a safe, reliable and ethical environment to conduct business operations. We endeavor to follow industry practices to enhance our services. With continued dedication and pursuit of standards, LUMA strives to carefully balance compliance and efficiency in order to deliver improved electric service to our customers.

The introduction of a revised consolidated procurement manual (R-CPM), currently pending approval from the P3A, has the potential to bring benefits to the contracting process while enhancing transparency. The R-CPM provides guidance for every stage of the procurement process, from assessing requirements to delivering results, ensuring teams follow the common framework, established processes, internal controls and procedures. It also offers a pathway for overall efficiency for both the supplier and contracting parties by streamlining in a clear format state and federal requirements.

## **RESPONSES TO MAY 23, 2023 REQUESTS**

The R-CPM will support the standardization of processes promoting automation and reducing errors and redundancies. It promotes greater alignment between business processes and contracting practices providing enhanced visibility, whilst promoting better accountability and continuous improvement.

### **Revenue collections from past due bills to be more effectively addressed**

We have a dedicated team solely focused on the collection of overdue debt. This is a team that LUMA implemented at commencement to ensure there is a dedicated focus on this task to prevent past-due accounts from continuing to build up arrears. LUMA has established a standardized 30/60/90 collection process that includes customer outreach through phone, email and letters to establish payment plans to enable customers to pay their past due balance. LUMA is also implementing automated processes through the Customer Care & Billing System (CC&B) to automatically flag accounts that require a collection activity on daily billing cycles. Standardizing process and procedure drives consistent, efficient and effective collection activities across customer classes.

### **Transmission line losses will be minimized**

Modern design and planning practices help improve grid services, including reducing the energy loss in the transmission and distribution systems. Rebuilding and reconductoring key transmission lines will represent modest reductions in T-line losses. Consequently, reducing transmission losses does not represent a major opportunity for LUMA to improve efficiency.

### **Energy theft will be reduced**

Energy theft impacts the overall rate base as revenue remains uncollected for energy produced and distributed to customers. Reducing energy theft will, in turn, reduce the need to recoup the cost of unbilled electricity through rate increases. LUMA will focus on energy theft reduction initiatives by educating operational and administrative staff to recognize, record, and handle cases of irregularities through proper investigation processes. Standard procedures were developed as a crucial component of this initiative to establish operational and administrative uniformity. The execution of the standard processes enables a larger number of theft recoveries and the removal of irregularities, ensuring customers are accurately billed for the energy they are consuming. To ensure compliance with current laws, LUMA has developed relationships with government offices like the Puerto Rico Police Department to ensure the proper support is provided on energy irregularity cases. as the following initiatives will contribute to the reduction of energy irregularities:

- Media outreach to discourage energy irregularities
- Use of the theft hotline, e-mails, postal mail, and confidential call center information to create field activity to investigate potential theft cases
- Purchase of specialized equipment to improve efficiency in detecting irregularities in the field
- Continuous evaluation and development of procedures for process unification in irregularities
- Invoicing unbilled consumption in cases where irregularities are discovered (energy theft)
- Positive theft cases will be submitted to the Department of Justice

### **Customers without meters or with malfunctioning meters will be addressed**

We have established the meter shop in the Guaynabo area, where a process of meter recertification, quality testing, and recycling has been implemented. In this way, we ensure that the meters installed for our customers maintain adequate accuracy and functionality for their remote reading systems. Providing our customers with better reliability in their readings and an increase in system efficiency, allowing

## RESPONSES TO MAY 23, 2023 REQUESTS

reduced meter purchases, the opportunity for new technology, and refocusing operational efforts in other areas.

Meter recycling allows us to improve our inventory and continue with malfunctioning meter replacements in the field. In addition, provide bidirectional meters for thousands of net meters. This, without compromising our daily operations, reduces manual readings in the field and strengthens our field operations.

### **The electric distribution infrastructure will become more efficient**

Modern design and planning practices help improve grid services, reduce energy loss in the transmission and distribution systems, improve reliability, and reduce outage response costs.

LUMA has implemented new engineering design standards for the distribution mainline, including larger conductors, strategic voltage conversion on 4 kV feeders, switchable cap banks, and voltage regulators. We implemented new engineering design standards for substations, eliminating redundant voltage transformations for further grid projects, and for replacing transformers.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-016**

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## **SUBJECT**

Efficiency Savings

## **REQUEST**

When will efficiencies that benefit ratepayers be specifically identified and measured?

## **RESPONSE**

LUMA is measuring and reporting system statistics within Docket NEPR-MI-2019-0007. Certain of these statistics identify and measure benefit ratepayers experience today. Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-011.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-017**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

Does the Timeline and Milestones set forth in the May 16 Motion at Appendix A, p. 214 comply with the Vegetation Management Requirements set forth in the Energy Bureau's February 27 Resolution? If not, why not?

## **RESPONSE**

The timeline contemplates clearing all 230 kV lines by the end of FY2024 as ordered. Still, it does not contemplate achieving a remediated state in the first half of FY2026. Due to physical and technical conditions, remediation in the first half of FY2026 is not possible in any realistic scenario, regardless of additional funding.

Achieving milestones is dependent on the process to receive federal funding obligation from FEMA, receiving timely Environmental and Historic Preservation approvals from FEMA, and timelines associated with other legal or regulatory requirements including mitigation of right-of-way encroachments.

LUMA continues to evaluate and update the Improvement Program milestones and timelines as more information becomes available and as the federal funding process continues. With the information currently available, LUMA is unable to achieve a remediated state prior to the second half of FY2027 and has never indicated that remediation in the first half of FY2026 would ever be achievable.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-018**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

Where has LUMA incorporated in the FY 2024 Budget Proposal, the \$60 million in funding as ordered by the Energy Bureau in its February 27 Resolution for FY 2024 Vegetation Management?

## **RESPONSE**

Please refer to the funding table included in the Vegetation Management and Capital Clearing Improvement Program. The \$60 million in funding is achieved through the combination of the vegetation management budget and the federal funding for the Capital Clearing Improvement Program.



# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-019**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

Where has LUMA incorporated in the FY 2024 Budget Proposal, each of the additional requirements with respect to Vegetation Management, as ordered by the Energy Bureau in its February 27 Resolution.

## **RESPONSE**

Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-017 and ROI-LUMA-MI-2021-0004-20230523-PREB-018.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-020**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

Provide the breakdown, in detail, of the \$179.8 million FY 2024 Estimate for Vegetation Management set forth at Appendix A, p. 213 of the May 16 Motion. Include source of funds. For federal funds, include details with respect to the status and expectations of the application process, approvals, availability of funds and commencement of work.

## **RESPONSE**

Please refer to the funding details provided in the improvement program, starting on page 208, and Table A-8 in Appendix A on page 205 in the FY2024 Annual Budgets submission filed on May 15, 2023.

After receiving approval from PREB for island-wide vegetation clearance, LUMA submitted an initial scope of work to FEMA on May 10, 2023. FAAST number has not been approved, however LUMA is now developing a detailed scope of work to be submitted for FEMA review by July 2023, which will prioritize improvements in reliability and resiliency, in particular with regards to critical facilities. The project is expected to be reviewed for EHP compliance and obligated in phases.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-021**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

In the FY 2023 Budget proposal, LUMA projected an expenditure of \$60 million in FY 2024 and achievement of a Remediated state in H2 FY 2027 for Vegetation Management. Why is LUMA projecting in the FY 2024 Budget proposal, achievement of a remediated state in Q4 2027, three months later, when \$179.8 million, which is considerably more funding than projected in the FY 2023 Budget Proposal, is being allocated for Vegetation Management in FY 2024?

## **RESPONSE**

First, H2 FY2027 refers to achieving remediation in the last six months of the fiscal year. Q4 FY2027 is within the second half of the year (H2 FY2027). The FY2024 Budget proposal reflects a more precise estimate and is within what was previously projected.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-022**

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## **SUBJECT**

Vegetation Management

## **REQUEST**

What is LUMA doing to expedite reaching a fully remediated state for Vegetation Management in an expedited timeframe?

## **RESPONSE**

LUMA has prioritized remediation of the 230 kV lines to achieve remediation of this critical portion of the system by H2 FY2024. LUMA has already cleared over 40% of the 230 kV right-of-way in advance of the 2023 hurricane season. This work was achieved by significantly increasing our contract vegetation workforce from 540 full-time equivalents (FTEs) at the beginning of January 2023 to over 900 FTEs at the end of March 2023. During this time alone, over 30% of the 230 kV right-of-way was cleared.

LUMA has worked with key stakeholders and obtained approval from PREB in order to submit an initial scope of work to execute an island-wide vegetation clearing using federal funding. LUMA has submitted that initial scope of work to FEMA and is continuing conversations with COR3 and FEMA to support the project's obligation and execution.

LUMA's vegetation clearing work continues in parallel with the federal funding process. About 360 vegetation contractor FTEs are performing vegetation clearing work every day in Puerto Rico, with a focus on completing the 230 kV right-of-way and clearing the lines and feeders that have the greatest impact on customer reliability. This ongoing work will be supplemented by the federal funding work to expedite the achievement of a remediated state.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-023**

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## SUBJECT

Emergency Response Plan

## REQUEST

Explain and identify where LUMA incorporated in the FY 2024 Budget Proposal, each requirement regarding the ERP, as ordered by the Energy Bureau in its February 27 Resolution at p. 24 of 33, including, "(ii) provide funding in the FY 2024 Budget to achieve a completed state for the ERP, with the understanding that the ERP is subject to continual improvement and refinement; (iii) provide funding in the FY 2024 Budget to enable it to effectively conform to the ERP, in particular, with respect to providing timely and granular ETRs; (iv) provide funding in the FY 2024 Budget to install, test and fully implement the OMS so as to avoid the heavy reliance upon manual processes that is cited in the July 13 Petition; and (vi) provide funding in the FY 2024 Budget to enable customers to speak with a Customer Service Representative with regard to subjects other than outage related emergencies during a storm event, albeit this may be at a reduced level of service."

## RESPONSE

LUMA is undertaking various initiatives to improve processes and data management systems as outlined in the updated Program Brief filed with the Energy Bureau on March 29, 2023, under Case No. NEPR-MI-2021-0004. Approximately \$1 million of labor funding from Salaries, Wages and Benefits in FY2024 was allocated to the Emergency Response Preparedness Program to continue employee preparedness training and exercises, update the Emergency Response Plan, and supporting systems and documents, and continue to make minor improvements to equipment and facilities used in response to emergency events.

Approximately \$0.25 million in FY2024 has been allocated under the Asset Data Integrity Program (of the \$6.6M budgeted) to improve the connected model inside OMS, facilitating better visibility, accuracy, and predicted modeling of customers that are out of service in larger outages.

Approximately \$1 million in FY2024 has been allocated under the Asset Data Integrity Program (of the \$6.6M budgeted) for making upgrades to the fully implemented OMS to support a mobile workforce and devices, to ensure better reporting, analytics, and resolutions of outage tickets, improving ETR accuracy and eliminating manual updates.

## RESPONSES TO MAY 23, 2023 REQUESTS

LUMA is continuing to evaluate our customer emergency communication plans. LUMA currently has agreements with contract call center resources to support during times of high call volumes and is investigating obtaining additional agreements to provide additional support when required for both outage-related emergency information and non-emergency information. The costs to complete these initiatives is included the Salaries, Wages and Benefits under the Customer Experience department.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-024**

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## **SUBJECT**

Advanced Metering Infrastructure

## **REQUEST**

What is the current status of AMI deployment?

## **RESPONSE**

Please refer to page 20 of the FY2023 Third Quarterly Report filed under docket NEPR-MI-2021-0004 on May 22, 2023.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-025**

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## **SUBJECT**

Advanced Metering Infrastructure

## **REQUEST**

The importance of AMI is discussed throughout the FY 2024 Budget Proposal, however, the schedule at p. 84 indicates that the start of Implementation will be HI FY 2025. Why has implementation taken so long?

## **RESPONSE**

LUMA disagrees with the characterization that Advanced Metering Infrastructure (AMI) implementation has “taken so long.”

Before this past year, FEMA and COR3 had not contemplated allowing LUMA to use federal funding for implementation of AMI. LUMA has been working with COR 3 and FEMA to change this policy position and is working to ensure federal funding for this important program.

The planning activities associated with implementing AMI represent a complex and coordinated effort. Significant work is required to integrate existing and future planned operational technology and systems to maximize the full benefits of implementing an AMI system. Systems of relative size and scope in other jurisdictions have taken 5 years or more to implement. In addition, LUMA is conscious of the complexity of the full implementation of AMI.



# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-026**

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## **SUBJECT**

Advanced Metering Infrastructure

## **REQUEST**

What is the dependence of AMI initiation on Federal Funding?

## **RESPONSE**

Due to ratepayer-funded budget constraints at this point in time, the initiation of implementing AMI is heavily dependent on the federal funding process.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-027**

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## **SUBJECT**

Advanced Metering Infrastructure

## **REQUEST**

Regarding federal funds, what are the status and expectations of the application process, approvals, availability of funds, and commencement of work?

## **RESPONSE**

LUMA anticipates the obligation of the AMI project in FY2024. Pending the obligation timing, the construction is expected to begin in FY2025. The deployment is anticipated to last several years. The initial deployment also depends upon the FEMA funding process, procurement and contracting, and vendor supply chain issues. LUMA continues to work diligently with COR3 and FEMA to implement this important technology for system reliability, resilience, and implementation of renewable energy.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-028**

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## **SUBJECT**

Advanced Metering Infrastructure

## **REQUEST**

Explain how the FY 2024 Budget complies with the Energy Bureau's Directive in the February 27 RO, "(iii) include in its FY 2024 Budget proposal, funding for implementing an AMI program in accordance with the detailed SOW specified in No. 12 above" as set forth at page 17 of 33.

## **RESPONSE**

Funding to fully implement AMI has been included in LUMA's FY2024 Annual Budget submission. Please refer to the AMI Implementation improvement program in Appendix A.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-029**

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## SUBJECT

Bad Debts

## REQUEST

Bad Debts are identified in the May 16 Motion, Appendix A, p. 43, Table 3.3 as \$32.822 for FY 2024. Bad Debts are identified in LUMA's FY 2023 Budget Proposal, Appendix A, p. 59, Table 5.3 as \$74.466 for FY 2024. What program(s) does LUMA have in place in FY 2024 for collection of bad debts?

## RESPONSE

LUMA would like to clarify that bad debts are identified in Table 3.3 of the FY2024 Annual Budgets submission as \$59 million, not \$33 million as outlined in the ROI.

Accounts receivable become "bad debt" only after undergoing a standard 30/60/90-day dunning process which includes the disconnection of the service in the field, closure of the account in the billing system, and the write-off of the debt in the billing system. Once we begin writing accounts off in CC&B they will be deemed "bad debt." A bad debt is considered no longer collectible as a normal account and is subtracted from revenues.

A full dunning process on all accounts receivable prior to write-off includes past due notification and request for payment or payment arrangement at 30, 60, and 90 days via telephone, email, and letter. At 90 days past due customers receive a 30 day disconnect notice. If customers do not make a payment arrangement or pay in full prior to the completion of the 30 days post receipt of the disconnection notice, LUMA disconnects service. LUMA has implemented this part of the process for commercial and industrial accounts in FY23. LUMA will begin the final piece of the process in FY 24 which includes ending the account and writing off the total amount owing if payment is not received for reconnection prior to 194 days past due. At this point amounts owed in that account would be considered bad debt.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-030**

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## **SUBJECT**

Bad Debts

## **REQUEST**

Refer What dollar amount of bad debts is projected to be collected in the FY 2024 proposed Budgets from FY 2023 and past years?

## **RESPONSE**

As discussed in response ROI-LUMA-MI-2021-0004-20230523-PREB-002, LUMA is projecting that \$94.4 million of outstanding bill payments from FY2023 and past years may be collected from the Commonwealth of Puerto Rico in FY2024. However, until LUMA can complete the validation on the accuracy of the customer data and correct any data errors in the customer data in the billing system through the execution of a full dunning process, including disconnection and the write-off of all uncollectible accounts, it will not be possible for LUMA to complete a full projection of Accounts Receivable collections. In other words, until LUMA can identify what is actually collectible vs. uncollectible and what should be written off, LUMA cannot implement a forecast methodology.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-031**

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## **SUBJECT**

Bad Debts

## **REQUEST**

What is the expected budgetary use of the funds collected in payment of past bad debts?

## **RESPONSE**

Please refer to response ROI-LUMA-MI-2021-0004-20230523-PREB-002.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-032**

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## **SUBJECT**

Labor

## **REQUEST**

Provide an updated version of the 20220408 CONFIDENTIAL RFI-LUMA-MI-2021-0004-20220325-PREB-0001 Attachment 2\_Operating Expenditures filed for the FY 2023 Budgets containing the same level of specificity.

## **RESPONSE**

LUMA has provided the FY2024 version of the Operating Expenditures as part of the PREB Working Papers request. This was filed with the PREB on May 26, 2023. Please refer to the Excel provided in ROI-LUMA-MI-2021-0004-20230523-PREB-000 Attachment 1\_Operating Expenditures.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

## NEPR-MI-2021-0004

### Response: ROI-LUMA-MI-2021-0004-20230523-PREB-033

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#### SUBJECT

Load Forecasting

#### REQUEST

Provide all workpapers that support the projected sales forecast of 15,466 GWh for FY2024 found in Table 1.2, page 18 of the proposed Annual Budgets with all formulas and links intact; any Excel spreadsheets are to be provided unlocked. These working papers should reflect how LUMA validated the following load forecast inputs:

- Economic Data
- Weather
- Historical electricity prices
- Load
- Distributed Energy Resources uptake
- Transportation electrification uptake
- Energy Efficiency
- Any price-responsive demand
- The probabilistic assumptions used to project seasonal gross and net peak demand
- Non-Export Distributed Generation

#### RESPONSE

For the Economic Data, Weather and Load inputs, please refer to the Excel file provided in ROI-LUMA-MI-2021-0004-20230523-PREB-033 Attachment 1. For Energy Efficiency, Distributed Energy Resources uptake, and electric vehicle uptake inputs, please refer to ROI-LUMA-MI-2021-0004-20230523-PREB-033 Attachment 2.

Note that LUMA does not include the following inputs to develop the load forecast:

- Historical electricity prices
- Any price-responsive demand
- The probabilistic assumptions used to project seasonal gross and net peak demand
- Non-export distributed generation



# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-034**

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## **SUBJECT**

Federal Funding

## **REQUEST**

Explain and identify where the Energy Bureau's directive regarding Federal Cost Share FEMA PA Grant DR-43 39-PR, set forth beginning on p. 17 of 33 of February 27, 2023 RO is discussed in the FY 2024 Budget.

## **RESPONSE**

Please refer to Schedule 3.5. on page 47 of the FY2024 Annual Budgets submission filed on May 15, 2023.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-035**

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## **SUBJECT**

Federal Funding

## **REQUEST**

Please reconcile GridCo federal funding cash flow projections for the FY2024, including expected monthly expenditures for federally funded projects, expected FEMA advancements, expected funding advancements from COR3/AFAAF, and monthly expected balances of federal funding reserve accounts. Within this reconciliation, please list anticipated federal cost-shares and funding source for those cost shares. Please complete this reconciliation separately for 428, 406 and CDBG funding sources/project categories. This reconciliation should cover both FY2023 actual spending and FY2024 forecast spending.

## **RESPONSE**

Please refer to Excel ROI-LUMA-MI-2021-0004-20230523-PREB-035 Attachment 1, filed as part of this filing.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-036**

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## SUBJECT

Federal Funding

## REQUEST

Based on actual expenditures for federally funded projects, compared to approved federally funded project expenditures in the Initial Budget, and in the FY2023 budget, actual spending on federally funded projects remains behind and deficient. Please explain federally funded project underspending, and an explanation of how LUMA can ensure that FY2024 budget amounts will actually be spent?

## RESPONSE

Hurricane Fiona significantly impacted LUMA's execution of the FY2023 budget. While factoring in Hurricane Fiona's emergency and permanent spending, LUMA has spent over \$380 million year-to-date. Additional delays affecting the FY2023 spending were related to the delays in state agencies issuing permits to complete work. This delayed reconstruction activities.

Key contributors to the increase in spending year over year include new programs such as Vegetation Clearing (\$125 million), Microgrids (\$10 million), Substation Reliability (\$20 million), and Network Upgrades (\$27 million within the T-Line Rebuild Program). Additionally, LUMA is looking to incrementally advance the Streetlights (\$15 million), Distribution Automation (\$54 million), and Distribution Pole (\$13 million) Programs. The new substation EPC approach and additional engineering progress will help LUMA achieve the projected spending. Lastly, LUMA intends to procure materials and begin construction in the rebuild programs. LUMA intends to utilize new services and material contracts to complete the additional work.

Month over month throughout FY2023, LUMA has increased-its spending, reaching over \$45 million in April. It has a work plan supporting continued increases monthly as projects progress to materials procurement and construction stages.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-037**

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## SUBJECT

Federal Funding

## REQUEST

Please provide a status update of LUMA's effort to study the deployment of Battery Energy Storage as resources to support the transmission system, and to pursue availability of federal funding to procure storage resources that can function as transmission support assets? Include a breakdown of how such projects are reflected in the proposed FY2 024 budget.

## RESPONSE

LUMA has produced and presented a Concept Paper to the Department of Energy for funding. The Concept Paper requests \$60M for two 15 MW/4 hr BESS at Maunabo and Juncos to fulfill the following objectives:

- a. Improving frequency stability margin to reduce blackouts in the island of Puerto Rico; preliminary studies show that the impact of energy storage paired with grid-forming inverters can significantly reduce the occurrence of load-shedding events
- b. Enabling orderly islanding will be achieved at the transmission system level, i.e., at least one substation plus other transmission-connected loads, to maintain continuity of service to all interconnected customers; upon loss of supply, the energy storage will operate as a backup unit, and reduce downtime
- c. Increasing reliability to transmission-connected critical customers; currently, the N-1 contingency load at risk in both substations is elevated; like in the case of orderly islanding, this results from the expanded coverage of the solution, which allows continuity of supply to these facilities
- d. Reduction of thermal congestion and voltage violations at the transmission system, which is achieved by controlling the energy storage active and reactive power imports and exports in response to system conditions so that energy storage can reduce these system constraints and, as a result, help meet NERC standards
- e. Expanded hosting capacity, which is achieved by controlled charging and discharging to level off any future renewable development; to fully understand and realize this benefit, a comprehensive

## RESPONSES TO MAY 23, 2023 REQUESTS

system model validation will be conducted for the two areas where energy storage will be installed, and the entire feeders will be validated and inventoried

In addition to the above, the Concept Paper proposes the deployment of two 500 kW fuel cells combined with electrolyzers in both areas, one of which would be near one of the major tranche 1 solar photovoltaic (PV) projects. While small, these provide the same benefits. This portion of the project will enable the demonstration of hydrogen generation from solar PV and discharging it later when the system benefits most from it, i.e., outside sun hours.

If the Department of Energy approves it, LUMA shall seek the Energy Bureau's approval for implementation, and its timeline will be further reflected in the budgets.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-087**

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## **SUBJECT**

Shared Services

## **REQUEST**

Please reconcile the increase in Shared Services costs from \$59 million in the FY2023 budget, to a proposed level of \$69 million in the FY2024 budget. Provide an explanation and detailed description of factors and budget components causing the increase in Shared Services costs.

## **RESPONSE**

The increases from FY2023 to FY2024 result from a combination of continuous year-over-year increases in insurance policy premium expense (\$6 million) and increased premium cost allocations to generation as a result of the share of transmission and distribution (T&D) vs. generation assets being lower in FY2024 compared to the prior year, based on premium allocations. The facts and circumstances resulted in an overall increase of \$11.3 million. This increase was offset by a net decrease of \$1.9 million in salaries, wages and benefits; materials and supplies; and IT Service Agreements.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-088**

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## **SUBJECT**

Shared Services

## **REQUEST**

Please provide a detailed breakdown of Shared Services expenditures and activities provided by LUMA during FY2023.

## **RESPONSE**

LUMA provides PREPA with services that generally fall into four areas:

- Transmission and Distribution (T&D) Operations – This is limited to technical operations and maintenance (O&M) support for certain electrical equipment under the responsibility of PREPA at generation plant locations that were historically supported by substation and lines teams.
- Information Technology – This support provides access and services to PREPA on Information Technology/ Operational Technology (IT OT) infrastructure managed by LUMA.
- Finance and Accounting – This includes general accounts payable, accounting and treasury activities provided by LUMA for PREPA.
- Risk Management – Placement of insurance policies (including policy costs) covering all PREPA's assets and activities (T&D and generation).

For a detailed breakdown of shared services expenditures and activities, please refer to LUMA's Third Quarter Report for FY2023, specifically Shared Services Summary Table within the FY2023 Shared Services section.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

**Response: ROI-LUMA-MI-2021-0004-20230523-PREB-089**

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## SUBJECT

Compliance with Applicable Rate Order

## REQUEST

Table 1-3 of LUMA's proposed budget lists \$69 million in Shared Services costs, and footnote 1 states that of that amount, about \$54 million is included in GENERA's GenCo budget, and the remaining \$15 million "may need to be allocated between GenCo, HydroCo, or HoldCo for FY2024.

- a. Why has this allocation not been completed in the consolidated budget filed by LUMA?
- b. There are no Shared Services expenditures listed in either the HydroCo or HoldCo proposed budgets in Appendices D and E. Why are those expenditures not listed?
- c. Does this mean that a combination of GenCo, HydroCo and HoldCo will have \$15 million of additional expenditures billed by LUMA for Shared Services not currently reflected in the combined budget?
- d. Please provide a consolidated budget that reflects these Shared Services costs.

## RESPONSE

LUMA provides Shared Services to PREPA on an interim basis and develops the anticipated budget for these services in accordance with the Shared Services Agreement.

LUMA does not know why Genera included only \$54 million or if PREPA included the remaining \$15 million (or another amount) in the HoldCo and HydroCo budgets.

Although LUMA has no specific role or responsibility in defining the final allocation of Shared Services budgets among the new PREPA entities (including Genera PR), LUMA believes there are reasonable allocation methods PREPA and Genera PR can use that are consistent with the shared services model and agreement. Specifically:

- Insurance expenses are, by far, the largest element of shared services costs. As a topic of high interest and impact, LUMA has provided an approximate breakdown of policy costs to all parties and revised them as new information has become available
- Information Technology is the second largest cost and is predominantly for software applications and support contracts for the overall IT environment (network, computer hardware, security, etc.);



## RESPONSES TO MAY 23, 2023 REQUESTS

a reasonable first estimate allocation of these costs could be by the number employee users; LUMA does not have information on the planned FY 24 organization for PREPA or Genera PR

- Operations shared services expenses are historically greater than 99% for PREPA's fossil plants and therefore substantially all these budget estimates are appropriate Genera PR budget items
- Finance expenses are predominately labor costs for various transaction activities (e.g., Accounts Payable, Treasury operations, etc.) and general accounting and reporting; under the Shared Services Agreement, these costs are for assigned professions, and their activities are focused on PREPA (collectively) and not decomposed further in the current model; a reasonable first estimate allocation of these costs could be by the respective shares of non-fuel O&M (NFOM) among the future PREPA units and Genera PR

On numerous occasions, LUMA has notified (both formally and informally) Genera PR and PREPA (with the Fiscal Agency and Financial Advisory Authority [AAFAF, by its Spanish acronym]) of their responsibility to define the ultimate allocation of Shared services among the future constituent PREPA units; beginning with our first meeting with Genera PR on February 6, 2023, entitled, "An Introduction to LUMA Energy's Shared Services to PREPA," LUMA noted (slide 6), "These services are to existing PREPA. This must be split between PREPA and GenCo for the post-Commencement era for FY2024." These same slides and messages were presented to PREPA on February 16, 2023. In formal meetings with all parties (Genera PR and AAFAF for PREPA) on Friday, April 21, 2023, LUMA confirmed its understanding that this allocation was to be completed among those parties for their Commencement planning. LUMA is unaware of the current status of this process among them.

Finally, two additional notes are relevant to the Shared Services budget as presented:

1. Assuming July 1, 2023, is the Commencement of Genera PR, the Shared Services Agreement will terminate on or before December 31, 2023
2. The costs of transitioning existing shared services to Genera PR and PREPA are shared services costs under the agreement; these costs are unknown and unbudgeted in the current FY2024 budget

Please refer to the consolidated budget provided in response to ROI-LUMA-MI-2021-0004-20230523-PREB-010.

# Review of LUMA's Proposed Consolidated FY2024 Budgets

NEPR-MI-2021-0004

## Response: ROI-LUMA-MI-2021-0004-20230523-PREB-090

### SUBJECT

Implementation of Energy Bureau Orders of February 27 Resolution into FY 2024 Proposed Budget

### REQUEST

How and where are the orders of the Energy Bureau in the February 27 Resolution, as summarized in Table 1 below, incorporated in the FY 2024 Proposed Budgets?

### RESPONSE

Please refer to LUMA's response to each item outlined in the table from the original request:

Pg#	Item	LUMA Response
12	LUMA to increase its FY 2023 Q4 funding for Veg. Mgmt. by \$2.5M. LUMA was directed to reallocate funds from the non-federally funded Enabling Improvement Portfolio to provide this increased funding for Vegetation Management.	LUMA has already increased vegetation clearing activities and spending with federally funded dollars in FY2023 to exceed the additional order of \$2.5m and will include an increased budget for Q4 FY2023 as ordered.
13	LUMA will submit a funding plan in the FY 2024 Budget that maximizes federal funding to clear all 230kV lines and reclaim the ROWs by Q4 FY 2024, with a detailed timeline and milestones.	Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-022.
13	LUMA to increase its budgeted funding for vegetation Management to at least \$60 million for FY 2024.	Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-018.
13	LUMA is to submit in the FY 2024 Budget a funding plan to complete the Vegetation Management Remediation Phase by H1 2026 with a detailed Timeline and Milestones and its plans for obtaining and maximizing Federal Funding.	Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-017 and ROI-LUMA-MI-2021-0004-20230523-PREB-021.

## RESPONSES TO MAY 23, 2023 REQUESTS

14	GENERA to develop an NME plan for FY 2024 that takes effective advantage of FEMA's temporary emergency generation arising from LUMA's Generation Stabilization Plan and prioritizes NME of baseload generation.	N/A
17	LUMA to: (i) While the federal funding process is being pursued, include a specific allocation for Tranche 1 network upgrade funding in its <b>Q4</b> FY 2023 (4 <sup>th</sup> Quarter) and FY 2024 Budget proposal and identify the priorities it used in determining the impact of reallocating Non -Federal Funds; and (ii) evaluate and determine the prioritization of such allocation in a way with the lowest potential impact on system reliability.	As outlined in the FY2024 Annual Budgets submission, LUMA is currently pursuing federal funding for this work with FEMA. This work was recently assigned a FEMA Accelerated Awards Strategy (FAASt) project number and is in the FEMA approval process. The costs have been fully budgeted for as a federally funded expense in the Transmission Line Rebuild Improvement Program. It should be noted that the effort, time, and cost to potentially secure FEMA funds for this initiative diverted material resources from current programs, and funding these network upgrades will reduce the overall funds available to rebuild the system. If future tranches intend to use federal funding, this could significantly impact how much recovery activity LUMA could perform on the transmission and distribution (T&D) System.
18	LUMA to include, beginning in its FY 2024 Budgets, a line item to reflect Federal Cost Share Matching Funds.	Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-034.
24	LUMA to: (ii) provide funding in the FY 2024 Budget to achieve a completed state for the ERP, understanding that the ERP is subject to continual improvement and refinement; (iii) provide funding in the FY 2024 Budget to enable it to effectively conform to the ERP regarding providing timely and granular ETRs; (iv) provide funding in the FY 2024 Budget to install, test and implement the OMS to avoid the heavy reliance on manual processes cited in the July 13 Petition; and (vi) provide funding in the FY 2024 Budget to enable customers to speak with a Customer Service Representative regarding subjects other than outage related emergencies during a storm event, although this may be at a reduced level of service.	Please refer to the response provided in ROI-LUMA-MI-2021-0004-20230523-PREB-023.
28	GENERA to develop a preventive maintenance program for its generation portfolio and base future NME budgets on such a program.	N/A