

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

**NEPR**

**Received:**

**Jul 26, 2023**

**11:20 PM**

IN RE: REVIEW OF LUMA'S INITIAL  
BUDGETS

CASE NO. NEPR-MI-2021-0004

SUBJECT: Motion Submitting Comments on  
Additional Reporting Requirements in Compliance  
with Item 10 of Attachment A of the Resolution and  
Order of June 25, 2023

**MOTION SUBMITTING COMMENTS ON ADDITIONAL REPORTING  
REQUIREMENTS IN COMPLIANCE WITH ITEM 10 OF ATTACHMENT A OF THE  
RESOLUTION AND ORDER DATED JUNE 25, 2023**

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

**COME NOW LUMA Energy, LLC** (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”), (jointly referred to as “LUMA”), and respectfully submit the following:

1. On June 25, 2023, the Energy Bureau entered a Resolution and Order whereby it modified and approved the FY24 Consolidated Budgets submitted by LUMA on May 15, 2023, subject to compliance with certain directives detailed in the Resolution and Order (the “June 25<sup>th</sup> Resolution and Order”) and to the reporting requirements detailed in Attachment I of the Resolution and Order.

2. In what is pertinent here, the Energy Bureau ordered LUMA “[t]o provide suggested modifications to the draft reporting templates to Attachment I within thirty (30) calendar days of the issuance date of issuance [sic] this Resolution and Order.” *See* June 25<sup>th</sup> Resolution and Order at Attachment A, Item 10.

3. Attachment I of the June 25<sup>th</sup> Resolution and Order includes a list of five (5) reporting requirements along with a directive for LUMA to provide the documents submitted to the FOMB as specified in the 2023 PREPA Fiscal Plan. Attachment I further includes Table I-1

listing the types of reports, the detail of their contents, cadence and entity responsible for the filing of each type of report.

4. On July 10, 2023, LUMA filed a *Motion for Partial Reconsideration of Resolution and Order of June 25, 2023 on Fiscal Year 2024 System Budgets* whereby, among other aspects of the June 25<sup>th</sup> Resolution and Order, LUMA requested reconsideration of the Energy Bureau's requirement for LUMA to "report annually within 60 days after the end of each fiscal year, on the use of funds within the budget for that timeframe." As explained in the Motion for Partial Reconsideration, "the term of 60 days is not consistent with current annual reporting requirements currently applicable to LUMA and pursuant to which LUMA is called to submit its year-end annual report on expenditures within 120 days after the close of the Fiscal Year". See Motion for Partial Reconsideration at page 19.

5. On July 14, 2023, the Energy Bureau issued a Resolution and Order regarding LUMA's Motion for Partial Reconsideration (the "July 14<sup>th</sup> Resolution and Order") whereby, in its pertinent part, the Energy Bureau stated that "[r]ather than determine the time within which LUMA must file its year-end report, the Energy Bureau will require LUMA to file in the upcoming Rate Review, a full explanation of the specific reasons it asserts prevent it from filing a year-end report at an earlier time." See July 14<sup>th</sup> Resolution and Order at page 4. The Energy Bureau further required LUMA to file the Q4 Report, "containing the same level of detail as in the Q1, Q2 and Q3 Reports," within forty-five (45) days after the end of each Fiscal Year.

6. In compliance with Item 10 of Attachment A to the June 25<sup>th</sup> Resolution and Order, LUMA submits herein as *Exhibit 1*, its Comments and Requests on the Additional Reporting Requirements and Table I-1.

7. Regarding the comments and requests on the *Implementation of Grid Modernization and Permanent and Emergency Work-Related Federal Funding Report & Infrastructure Plan Updates* reporting requirements set in Table I-1 of the June 25<sup>th</sup> Resolution and Order, LUMA hereby requests that the Energy Bureau consider the reports filed quarterly and annually to the FOMB, as outlined in Exhibit 1, sufficient to meet these reporting requirements of Table I-1 of the June 25<sup>th</sup> Resolution and Order.

8. LUMA respectfully requests that the Energy Bureau deem the June 25<sup>th</sup> Resolution and Order complied with insofar as it directed LUMA to provide comments to its Attachment I.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and **deem** Item 10 of Attachment A of the June 25<sup>th</sup> Resolution and Order complied with.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico this 26<sup>th</sup> day of July, 2023.

**WE HEREBY CERTIFY** that we filed this motion using the electronic filing system of this Energy Bureau and that copy of this motion will be notified to the Puerto Rico Electric Power Authority through its attorneys of record: [jmarrero@diazvaz.law](mailto:jmarrero@diazvaz.law) and [mvazquez@diazvaz.law](mailto:mvazquez@diazvaz.law); and to Genera PR LLC, through its counsel of record Jorge Fernández-Reboredo, [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com) and Alejandro López Rodríguez, [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com).

*[signatures on the next page]*



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

*/s/ Margarita Mercado Echegaray*  
Margarita Mercado Echegaray  
RUA NÚM. 16,266  
[margarita.mercado@us.dlapiper.com](mailto:margarita.mercado@us.dlapiper.com)

*/s/ Ana Margarita Rodríguez Rivera*  
Ana Margarita Rodríguez Rivera  
RUA Núm. 16,195  
[ana.rodriguezrivera@us.dlapiper.com](mailto:ana.rodriguezrivera@us.dlapiper.com)

*Exhibit 1*  
*Comments on Additional Reporting Requirements*

# Comments on Additional Reporting Requirements

## NEPR-MI-2021-0004

### Response: RFC-LUMA-MI-2021-0004-20230625-PREB-001

---

#### SUBJECT

Additional Reporting Requirements

#### REQUEST

1. Maintain detailed accounting of annual expenses for each Fiscal Year and report annually within 60 days after the end of each fiscal year, on the use of funds within the budget for that timeframe. In this report explain any differences between accounts expenses and approved budgets.
2. Report quarterly, within forty-five (45) days after the end of each quarter, detailing Fiscal Year Budget spending amounts, broken out by spending initiative, and detailing any variances from the approved Budget filing. These reports should also include details allowing the Energy Bureau to assess funding, withdrawals and outstanding balances in Operating Budgets, Capital Budgets, and the Generation Budget.
3. Report quarterly, within forty-five (45) days after the end of each quarter, summary reports outlining federal funding activity. These summary reports shall include aggregated information showing the cumulative amount of federal funding applied for, broken out by the source of such funding, the incremental amount of federal funding applied for in the reporting quarter, and both the cumulative and quarterly amount of federal funding received.
4. Report annually, within sixty (60) days after the end of each fiscal year, on the implementation of improved efficiencies and quantification of resulting savings.
5. Not later than April 1 of the year preceding the Fiscal year for which annual rates are requested, for each Fiscal Year for which a Rate Revision Petition is not filed, submit to the Energy Bureau the proposed budgets for that Fiscal Year following the annual budget examination process delineated in the 2017 Rate Order.

Additionally, PREB requested to provide each document submitted to the FOMB as specified in the 2023 PREPA Fiscal Plan as Certified by FOMB on June 23, 2023, and shown in Table I-1 below per the established timeframes.



**RESPONSE**

1. LUMA understands that the Energy Bureau determined to postpone the establishment of the timeline for filing the year-end report required by Attachment I of the Energy Bureau's June 25<sup>th</sup> Resolution and maintained the requirements that the fourth quarter report be submitted by LUMA to the Energy Bureau within 45 days of the close of the fiscal year. See the Energy Bureau's July 14<sup>th</sup> Resolution and Order at page 4. LUMA will file a fourth quarter report within 45 days of the end of the fourth quarter of the fiscal year and include year-to-date actuals. LUMA notes that producing accurate year-end results requires incremental activities and analyses and, therefore, require more time to produce. Accordingly, the results reflected in the fourth quarter report are preliminary in nature and subject to material adjustments as LUMA conducts its ordinary fiscal year closing activities. Accurate year-end results will become available along with LUMA's Annual Report, which will be submitted by LUMA within 120 days from the close of the fiscal year, as contemplated Annex I, Section VI(B) paragraph (4) of the T&D OMA.
2. LUMA will continue to provide this information quarterly under dockets NEPR-MI-2021-0004, and NEPR-MI-2020-0019. For Q4, please refer to response 1.
3. LUMA will continue to provide this information under docket NEPR-MI-2021-0002.
4. In its Annual Report on FY2022 submitted in October 2022, LUMA provided information on the efficiencies and savings achieved during the fiscal year. This level of reporting is what LUMA can achieve for FY2024 with the current resources. More detailed reporting on this requirement would require additional resources, including hiring a consultant to conduct this work in FY2024. At this time, LUMA has not allocated funding for FY2024 to hire such consultant. LUMA would need to identify funding and would likely need to reallocate funding from another area of the budget which may impact improvement program funding and timelines in other areas. The initial estimate for this work is approximately \$2 million. Estimated timelines suggest that LUMA may not be able to produce this information within 60 days after the end of this fiscal year as Ordered in the June 25 Order. LUMA notes that this requirement for detailed forecasting of hypothetical baseline which would then be compared to actual performance goes beyond the requirements in the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA").

5. LUMA reiterates its request that the Energy Bureau adopt a budget review process consistent with the process outlined in Article 7 of the T&D OMA and Article 3 of the PGHOA<sup>1</sup>. The framework established therein provides a reasonable and efficient process for the establishment of System Budgets on an annual basis.

Please refer to the below table for LUMA’s comments in response to the reporting requirements as outlined in the fiscal plan.

Reporting Requirement	Detail	Cadence	Responsible Entity	LUMA Comment
<p><b>Implementation of Grid Modernization</b></p>	<p>Grid modernization plan must provide an overview of the major investment categories and projects that LUMA, Genera and PREPA are considering delivering reliable, resilient power and status of project delivery against milestones.</p>	<p>Bi-monthly</p>	<p>LUMA, Genera and PREPA</p>	<p>As previously identified in RFI-LUMA-MI-2021-0004-20221112-PREB-A002, LUMA reports on grid modernization through the same quarterly and annual reports that have been filed with the Energy Bureau under dockets NEPR-MI-2021-0004, and NEPR-MI-2020-0019. LUMA sends the FOMB a copy of the report submission and the FOMB has deemed this sufficient to meet this requirement. In order for LUMA to provide this on a bi-monthly<sup>2</sup> basis, LUMA would need to increase its budget and add a team of 4 people to produce this report. LUMA would like to request that the existing reports be sufficient to meet this requirement in alignment with the FOMB. Additionally, LUMA provides the following reports to the PREB relating to grid modernization in addition to the quarterly and annual report:</p> <ul style="list-style-type: none"> <li>• Quarterly DG Interconnection Reports</li> <li>• Monthly EV Billing Integration Reports</li> <li>• Monthly Streetlight reports</li> <li>• Quarterly Federal Funding Activity</li> <li>• 90 Day Plan on FEMA funded Activities</li> </ul>

<sup>1</sup> The Puerto Rico PREPA-GenCo-HydroCo Operating Agreement (“PGHOA”) executed on June 19, 2023 by and among the Puerto Rico Electric Power Authority (“PREPA”), PREPA Genco LLC (“GenCo”), PREPA Hydroco LLC (“HydroCo”), LUMA Energy ServCo, LLC (“LUMA”), and the Puerto Rico Public-Private Partnerships Authority (“P3A”).

<sup>2</sup> LUMA assumes that bi-monthly means every 2 months and not twice a month.





Reporting Requirement	Detail	Cadence	Responsible Entity	LUMA Comment
<p><b>Permanent and Emergency Work-Related Federal Funding Report &amp; Infrastructure Plan Updates</b></p>	<p>Updates on the 10-year infrastructure plan. Updates on FEMA and CDBG-DR funding programs for permanent and emergency work for generation (including hydro) and T&amp;D assets. Provide the following by PW:</p> <ul style="list-style-type: none"> <li>• Intended use and description of project portfolio</li> <li>• Obligated amount</li> <li>• Received amount</li> <li>• Cost-match requirements</li> <li>• Cost-match funded (by source)</li> <li>• Project timeline and/or milestones</li> </ul>	<p>Monthly</p>	<p>LUMA, Genera and PREPA</p>	<p>As previously identified in RFI-LUMA-MI-2021-0004-20221112-PREB-A002, LUMA reports quarterly to FOMB and provides a link to the quarterly Federal Funding filings that are filed with the Energy Bureau under case number NEPR-MI-2021-0002. An example was previously provided in RFI-LUMA-MI-2021-000420221112-PREBA002_Attachment 1.</p>
<p><b>Budget to Actuals</b> (Reporting requirement is separate from any requirement under Section 203 in PROMESA)</p>	<p>Tracking of certified Budget to Actual for HydroCo and HoldCo based on template to be provided by the Oversight Board, which must include the following:</p> <ul style="list-style-type: none"> <li>• Explanation for material variances (greater than 10% and \$30 million)</li> <li>• Income statement in the reporting package</li> <li>• Monthly budget reporting</li> </ul>	<p>Monthly</p>	<p>PREPA</p>	<p>As previously identified in RFI-LUMA-MI-2021-0004-20221112-PREB-A002, Budget to actuals are reported to the FOMB on a quarterly basis and include monthly data. These are provided to the FOMB in line with the timing of the Quarterly Reports and Annual Reports submitted to the Energy Bureau. Please refer to RFI-LUMA-MI2021-0004-20221112-PREBA002_Attachment 2 for the FY2022 budget to actuals workbook as an example of what is reported to the FOMB on a quarterly basis. Note that LUMA only completes the “Monthly Revenues” worksheet, rows 67-72 on the “Monthly Expenses” worksheet, and the</p>

Reporting Requirement	Detail	Cadence	Responsible Entity	LUMA Comment
	<p>Tracking of certified Budget to Actual for GridCo, HydroCo, GenCo, and HoldCo based on a consolidated template to be provided by the Oversight Board, which must include the following:</p> <ul style="list-style-type: none"> <li>• Explanation for material variances (greater than 10% and \$30 million)</li> <li>• Income statement in the reporting package</li> <li>• Quarterly budget reporting</li> </ul>	Quarterly	LUMA, Genera, and PREPA	<p>“Variances Detail” worksheet(s), in line with GridCo requirements, as applicable.</p> <p>In future, LUMA will file the budget to actuals workbooks, that are reported to the FOMB on a quarterly basis, with the PREB.</p>
<p><b>Accounts Receivable</b> (AR)/Accounts Payable (AP) cash flow reporting</p>	<p>Continued reporting on cash flow, payables and receivables by customer or vendor class.</p>	Monthly	LUMA	<p>As previously identified in RFI-LUMA-MI-2021-0004-20221112-PREB-A002, LUMA contributes to cashflow reporting, however PREPA, the covered entity continues to provide the reports to FOMB.</p> <p>LUMA does not receive these reports.</p>