

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

NEPR
Received:
Oct 16, 2023
10:26 PM

IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

**MOTION TO SUBMIT THE AUGUST 2023 BUDGET TO ACTUAL REPORTS AS ORDERED
IN THE JUNE 25 ORDER**

COMES NOW the Puerto Rico Electric Power Authority ("PREPA"), through its counsel of record, and respectfully submits and requests as follows:

1. On May 16, 2023, LUMA¹ filed a document titled *Submission of Consolidated Annual Budgets for Fiscal Year 2024 and Proposed Annual T&D Projections Through Fiscal Year 2026* ("May 16 Motion") for the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") review and approval. The May 16 Motion included the following budget components: (i) the proposed T&D budget developed by LUMA, (ii) the proposed generation budget developed by Genera PR, LLC ("Genera") on behalf of the PREPA, for the PREPA subsidiary GENCO LLC ("GenCo"), and (iii) the proposed Budget developed by PREPA for its holding company, HoldCo, and its subsidiaries PREPA HydroCo LLC ("HydroCo") and PREPA PropertyCo, LLC ("PropertyCo").
2. On June 25, 2023, the Energy Bureau issued a *Resolution and Order* ("June 25 Order") through which it modified the Proposed Consolidated Fiscal Year 2024

¹ LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as, "LUMA").

submitted by LUMA and approved the modified budgets subject to compliance with various orders ("FY24" Approved Budget").

3. The June 25 Order included a series of orders to PREPA. As part of the financial reporting requirements the Energy Bureau ordered PREPA to submit on a monthly basis the following:

a. The tracking of certified Budget to Actual ("B2A Report") for HydroCo and HoldCo based on a template to be provided by the Oversight Board, which must include the following:

- Explanation for material variances (greater than 10% and \$30 million)
- Income statement in the reporting package
- Monthly budget reporting

4. In compliance with the June 25 Order, PREPA herein submits the August 2023 B2A.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE** of the information provided, FIND PREPA in compliance with the reporting requirements of the June 25 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 16th day of October 2023.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>, and courtesy copies were sent via e-

mail to LUMA Energy, LLC through its counsels of record at margarita.mercado@us.dlapiper.com, laura.rozas@us.dlapiper.com, and to Genera-PR, LLC through its counsels of record at jfr@sbgblaw.com, alopez@sbgblaw.com, legal@genera-pr.com and regulatory@genera-pr.com.

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Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date **10/15/23**



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Puerto Rico Electric Power Authority
B2A Summary
FISCAL YEAR 2024
As 10/15/23

FY24 Monthly B2A Summary

(\$ millions)

Summary	August-23				YTD			
	Aug-23 Budget	Aug-23 Actual	Aug-23 Variance (\$)	Aug-23 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
A. Expenses								
<u>HoldCo:</u>								
HoldCo Labor Operating Expenses	\$ 0.630	\$ 0.978	\$ (0.348)	(55.2%)	\$ 1.261	\$ 2.014	\$ (0.753)	(59.7%)
HoldCo Non-Labor / Other Operating Expenses	6.229	3.696	2.532	40.7%	12.457	10.046	2.411	19.4%
Shared Services Agreement	0.166	0.081	0.085	51.2%	0.332	0.180	0.153	46.0%
PREPA Voluntary Transition Program	0.039	0.039	0.000	0.0%	14.774	14.774	0.000	0.0%
Emergency PREPA Employee Retirement System Contribution	25.277	25.277	0.000	0.0%	47.725	47.718	0.006	0.0%
Maintenance Projects Expenses	0.054	-	0.054	100.0%	0.108	-	0.108	100.0%
Total HoldCo Operating Expenses	\$ 32.395	\$ 30.072	\$ 2.324	7.2%	\$ 76.657	\$ 74.732	\$ 1.925	2.5%
<u>HydroCo:</u>								
HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.253	\$ 0.113	30.9%	\$ 0.733	\$ 0.628	\$ 0.105	14.3%
HydroCo Non-Labor / Other Operating Expenses	0.456	1.469	(1.013)	(222.2%)	0.912	2.205	(1.294)	(141.9%)
Shared Services Agreement	0.098	0.048	0.050	51.1%	0.197	0.106	0.090	46.0%
Maintenance Projects Expenses	0.206	0.241	(0.035)	(17.1%)	0.412	0.241	0.171	41.5%
Total HydroCo Operating Expenses	\$ 1.127	\$ 2.012	\$ (0.885)	(78.5%)	\$ 2.253	\$ 3.181	\$ (0.928)	(41.2%)
Total HoldCo & HydroCo Expenses	\$ 33.522	\$ 32.083	\$ 1.439	4.3%	\$ 78.910	\$ 77.913	\$ 0.997	1.3%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pursuant to the 2023 Certified Fiscal Plan and PREB Resolution & Order dated June 25, 2023, PREPA is reporting HoldCo and HydroCo expenses for July and August 2023.

Note 3: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for July and August 2023.

Note 4: HoldCo "Materials & Security" account had a charge of \$1.9M in August, which mostly consisted of Genera expenses. PREPA is in the process of reviewing the amount that relates to Genera and will make an adjustment to this account once Genera expenses have been confirmed. As a result, PREPA set this account equal to budget for August 2023.

Note 5: HoldCo and HydroCo "Security" account had a charge of \$1.4M in August, which mostly related to FY23 expenses. PREPA is in the process of reviewing August amounts and will make an adjustment to this account once the Security expenses have been confirmed. As a result, PREPA set this account equal to budget for August 2023.

Puerto Rico Electric Power Authority
 Monthly Revenues
 FISCAL YEAR 2024
 As Of: 10/15/23

FY24 Monthly Expenses

(\$ millions)

Expenses	July-23				August-23				YTD			
	Jul-23 Budget	Jul-23 Actual	Jul-23 Variance (\$)	Jul-23 Variance (%)	Aug-23 Budget	Aug-23 Actual	Aug-23 Variance (\$)	Aug-23 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
A. HoldCo - Operations Expenses												
Labor												
1 Salaries & Wages	0.372	0.575	(0.202)	(54.3%)	0.372	0.692	(0)	(85.7%)	0.745	1.266	(0.521)	(70.0%)
2 Pension & Benefits	0.224	0.147	0.078	34.7%	0.224	0.176	0	21.4%	0.449	0.323	0.126	28.0%
3 Overtime Pay	0.030	0.271	(0.241)	(80.1%)	0.030	0.107	(0)	(255.8%)	0.060	0.378	(0.318)	(528.5%)
4 Overtime Benefits	0.004	0.044	(0.040)	(114.9%)	0.004	0.003	0	7.8%	0.007	0.047	(0.040)	(553.5%)
Total HoldCo Labor Operating Expenses	\$ 0.630	\$ 1.036	\$ (0.405)	(64.3%)	\$ 0.630	\$ 0.978	\$ (0.348)	(55.2%)	\$ 1.261	\$ 2.014	\$ (0.753)	(59.7%)
Non-Labor / Other Operating Expenses												
5 Materials & Supplies	0.002	1.486	(1.484)	(61393.0%)	0.002	0.002	-	0.0%	0.005	1.488	(1.484)	(30696.5%)
6 Transportation, Per Diem, and Mileage	0.002	0.101	(0.098)	(4543.0%)	0.002	0.030	(0)	(1294.0%)	0.004	0.131	(0.126)	(2918.5%)
7 Retiree Medical Benefits	0.663	0.571	0.091	13.7%	0.663	0.574	0	13.3%	1.325	1.146	0.179	13.5%
8 Security	0.066	0.072	(0.006)	(8.5%)	0.066	0.066	0	0.0%	0.133	0.138	(0.006)	(4.3%)
9 Utilities & Rents	0.003	-	0.003	100.0%	0.003	0.074	(0)	(2076.5%)	0.007	0.074	(0.068)	(988.2%)
10 Legal Services	0.061	0.198	(0.137)	(225.6%)	0.061	0.073	(0)	(20.4%)	0.121	0.271	(0.149)	(123.0%)
11 Communications Expenses	0.001	-	0.001	100.0%	0.001	-	0	100.0%	0.001	-	0.001	100.0%
12 Professional & Technical Outsourced Services	0.046	0.013	0.033	72.0%	0.046	0.098	(0)	(112.6%)	0.092	0.111	(0.019)	(20.3%)
13 Regulation and Environmental Inspection	0.062	0.237	(0.175)	(281.8%)	0.062	0.031	0	49.2%	0.124	0.268	(0.144)	(116.3%)
14 External Audit Services	0.030	0.159	(0.129)	(435.0%)	0.030	(0.086)	0	388.6%	0.060	0.073	(0.014)	(23.2%)
15 Equipment, Inspections, Repairs and Others	0.045	0.318	(0.273)	(605.2%)	0.045	0.000	0	99.9%	0.090	0.318	(0.228)	(252.6%)
16 PREPA Restructuring & Title III	2.513	0.460	2.053	81.7%	2.513	0.097	2	96.1%	5.025	0.557	4.468	88.9%
17 FOMB Advisor Costs allocated to PREPA	2.735	2.735	-	0.0%	2.735	2.735	-	0.0%	5.470	5.470	-	0.0%
Total HoldCo Non-Labor / Other Operating Expenses	\$ 6.229	\$ 6.350	\$ (0.121)	(1.9%)	\$ 6.229	\$ 3.696	\$ 2.532	40.7%	\$ 12.457	\$ 10.046	\$ 2.411	19.4%
18 Shared Services Agreement HoldCo	0.166	0.098	0.068	40.8%	0.166	0.081	0	51.2%	0.332	0.180	0.153	46.0%
19 Voluntary Transition Program (VTP)	14.735	14.735	0.000	0.0%	0.039	0.039	0	0.0%	14.774	14.774	0.000	0.0%
20 Employee Retirement System Contribution (ERS)	22.447	22.442	0.006	0.0%	25.277	25.277	0	0.0%	47.725	47.718	0.006	0.0%
21 Maintenance Projects Expenses HoldCo	0.054	-	0.054	100.0%	0	-	0	100.0%	0.108	-	0.108	100.0%
Total HoldCo Operating Expenses	\$ 44.262	\$ 44.660	\$ (0.399)	(0.9%)	\$ 32.395	\$ 30.072	\$ 2.324	7.2%	\$ 76.657	\$ 74.732	\$ 1.925	2.5%
B. HydroCo - Operations & Maintenance Expenses												
Labor												
22 Salaries & Wages	0.212	0.270	(0.058)	(27.6%)	0.212	0.178	0	15.8%	0.424	0.449	(0.025)	(5.9%)
23 Pension & Benefits	0.128	0.069	0.059	46.0%	0.128	0.045	0	65.1%	0.255	0.114	0.142	55.5%
24 Overtime Pay	0.024	0.032	(0.008)	(33.9%)	0.024	0.028	(0)	(17.0%)	0.048	0.060	(0.012)	(25.4%)
25 Overtime Benefits	0.003	0.004	(0.001)	(21.6%)	0.003	0.002	0	18.0%	0.006	0.006	(0.000)	(1.8%)
Total HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.375	\$ (0.009)	(2.3%)	\$ 0.367	\$ 0.253	\$ 0.113	30.9%	\$ 0.733	\$ 0.628	\$ 0.105	14.3%
Non-Labor / Other Operating Expenses												
26 Materials & Supplies	0.060	0.003	0.057	94.6%	0.060	0.021	0	64.4%	0.121	0.025	0.096	79.5%
27 Transportation, Per Diem, and Mileage	0.020	0.009	0.012	56.6%	0.020	0.007	0	63.5%	0.041	0.016	0.024	60.1%
28 Security	0.143	0.155	(0.012)	(8.5%)	0.143	0.143	-	0.0%	0.285	0.297	(0.012)	(4.2%)
29 Utilities & Rents	0.007	-	0.007	100.0%	0.007	-	0	100.0%	0.013	-	0.013	100.0%
30 Professional & Technical Outsourced Services	0.016	0.128	(0.112)	(718.9%)	0.016	0.466	(0)	(2888.5%)	0.031	0.593	(0.562)	(1803.7%)
31 Regulation and Environmental Inspection	0.061	0.233	(0.172)	(281.8%)	0.061	0.031	0	49.2%	0.122	0.264	(0.142)	(116.3%)
32 Equipment, Inspections, Repairs and Others	0.149	0.209	(0.060)	(40.1%)	0.149	0.501	(1)	(436.2%)	0.299	1.010	(0.711)	(238.1%)
Total HoldCo Non-Labor / Other Operating Expenses	0.456	0.736	(0.280)	(61.5%)	0.456	1.469	(1.013)	(222.2%)	0.912	2.205	(1.294)	(141.9%)
33 Shared Services Agreement HydroCo	0.098	0.058	0.040	40.8%	0.098	0.048	0	51.1%	0.197	0.106	0.090	46.0%
34 Maintenance Projects Expenses HydroCo	0.206	-	0.206	100.0%	0.206	0.241	(0)	(17.1%)	0.412	0.241	0.171	41.5%
Total HydroCo Operating & Maintenance Expenses	\$ 1.127	\$ 1.170	\$ (0.043)	(3.8%)	\$ 1.127	\$ 2.012	\$ (0.885)	(78.5%)	\$ 2.253	\$ 3.181	\$ (0.928)	(41.2%)
Total HoldCo & HydroCo Operating & Maintenance Expenses	\$ 45.388	\$ 45.830	\$ (0.442)	-1.0%	\$ 33.522	\$ 32.083	\$ 1.439	4.29%	\$ 78.910	\$ 77.913	\$ 0.997	1.3%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: On September 11, 2023, PREPA submitted a request of reapportionment of VTP and ERS funds from Second Revised Fiscal Year 2023 Budget certified by the Oversight Board on June 23, 2023 to increase budget funding available for FY2024. On October 3, 2023, the Oversight Board approved \$25.4 million of VTP and \$142.7M of ERS funds to be available in FY2024.

Note 3: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for July and August 2023.

Note 4: HoldCo "Materials & Security" account had a charge of \$1.9M in August, which mostly consisted of Genera expenses. PREPA is in the process of reviewing the amount that relates to Genera and will make an adjustment to this account once Genera expenses have been confirmed. As a result, PREPA set this account equal to budget for August 2023.

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Puerto Rico Electric Power Authority
Variance Detail
FISCAL YEAR 2024
10/15/23

Variance:
FOMB Category:
Account:

Expenses	Budget YTD	Actual YTD	Variance(\$)	Variance (%)
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Variance Explanation

Root Cause

Corrective Action

Puerto Rico Electric Power Authority
Pension and Benefits
FISCAL YEAR 2024
As Of: 10/15/23

	<u>July-23</u>	<u>August-23</u>	<u>September-23</u>	<u>October-23</u>	<u>November-23</u>	<u>December-23</u>	<u>January-24</u>	<u>February-24</u>	<u>March-24</u>	<u>April-24</u>	<u>May-24</u>	<u>June-24</u>
<u>HoldCo - Pension and Benefits</u>												
<i>Pension Benefits</i>	84,017	101,115										
<i>Loan Guaranties</i>	147	176										
<i>Work Comp Insurance</i>	9,143	11,004										
<i>Social Security</i>	15,075	18,146										
<i>Medicare</i>	3,529	4,250										
<i>Christmas Bonus</i>	3,323	4,003										
<i>Health Plan</i>	<u>31,281</u>	<u>37,649</u>										
Total	146,516	176,342	-	-	-	-	-	-	-	-	-	-
<u>HydroCo - Pension and Benefits</u>												
<i>Pension Benefits</i>	39,535	25,571										
<i>Loan Guaranties</i>	69	45										
<i>Work Comp Insurance</i>	4,302	2,783										
<i>Social Security</i>	7,095	4,589										
<i>Medicare</i>	1,662	1,075										
<i>Christmas Bonus</i>	1,565	1,012										
<i>Health Plan - Regular</i>	<u>14,721</u>	<u>9,521</u>										
Total	68,949	44,596	-	-	-	-	-	-	-	-	-	-

Note 1: Preliminary / unaudited financial information - subject to material change.

