

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

NEPR
Received:
Dec 15, 2023
10:22 PM

IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

**MOTION TO SUBMIT THE OCTOBER 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 October 2023 B2A.

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

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of December 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>, which will send notification of such filing to all attorneys of record.

GONZÁLEZ & MARTÍNEZ

1509 López Landrón
Seventh Floor
San Juan, PR 00911-1933
Tel.: (787) 274-7404

s/ Alexis G. Rivera Medina

Alexis G. Rivera-Medina

TSPR No.: 18,747

E-mail: arivera@gmlex.net

Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date **12/15/23**



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Puerto Rico Electric Power Authority
B2A Summary
FISCAL YEAR 2024
As 12/15/23

FY24 Monthly B2A Summary

(\$ millions)

Summary	October-23				YTD			
	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
A. Expenses								
<u>HoldCo:</u>								
HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.587	\$ 0.213	26.6%	\$ 3.199	\$ 3.407	\$ (0.208)	(6.5%)
HoldCo Non-Labor / Other Operating Expenses	6.661	6.306	0.356	5.3%	27.753	25.875	1.878	6.8%
Shared Services Agreement	0.166	0.093	0.073	43.8%	0.664	0.396	0.269	40.4%
Temporary PREPA ERS Contribution	-	-	-	-	-	-	-	-
Maintenance Projects Expenses	0.054	-	0.054	100.0%	0.215	-	0.215	100.0%
Total HoldCo Operating Expenses	\$ 7.681	\$ 6.986	\$ 0.694	9.0%	\$ 31.832	\$ 29.678	\$ 2.153	6.8%
<u>HydroCo:</u>								
HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.403	\$ (0.036)	(9.8%)	\$ 1.466	\$ 1.542	\$ (0.076)	(5.2%)
HydroCo Non-Labor / Other Operating Expenses	0.466	0.427	0.039	8.4%	1.865	4.397	(2.532)	(135.7%)
Shared Services Agreement	0.098	0.055	0.044	44.3%	0.394	0.233	0.160	40.7%
Maintenance Projects Expenses	0.206	-	0.206	100.0%	0.824	0.241	0.583	70.7%
Total HydroCo Operating Expenses	\$ 1.137	\$ 0.885	\$ 0.252	22.2%	\$ 4.548	\$ 6.413	\$ (1.864)	(41.0%)
Total HoldCo & HydroCo Expenses	\$ 8.818	\$ 7.871	\$ 0.947	10.7%	\$ 36.380	\$ 36.091	\$ 0.289	0.8%
<u>Other Expenses:</u>								
PREPA Voluntary Transition Program	\$ -	\$ -	\$ -	-	\$ 14.774	\$ 14.774	\$ 0.000	0.0%
Emergency PREPA Employee Retirement System Contribution	22.075	22.075	-	0.0%	93.471	93.471	0.000	0.0%
Total Other Expenses	\$ 22.075	\$ 22.075	\$ -	0.0%	\$ 108.246	\$ 108.245	\$ 0.001	0.0%

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 YTD FY2024.

Note 3: PREPA is reporting YTD FY24 amounts based on the Revised FOMB Certified Budget dated December 8, 2023.

Note 4: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2024.

Note 5: Due to the Genera transaction, many of the line items in PREPA's Q1 B2A include Genera expenses as Genera has been utilizing PREPA's legacy cost centers. Genera has posted some journal entries to reverse these expenses, which are reflected in the HydroCo line items. Although PREPA has discontinued the use of its legacy cost centers as of November 1, 2023, PREPA expects that this issue will continue until its November B2A submittal.

Puerto Rico Electric Power Authority
Monthly Expenses
FISCAL YEAR 2024
As Of: 12/15/23

FY24 Monthly Expenses

(\$ millions)

Expenses

September-23				October-23			
Sep-23 Budget	Sep-23 Actual	Sep-23 Variance (\$)	Sep-23 Variance (%)	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)

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

A. HoldCo - Operations Expenses

	Sep-23 Budget	Sep-23 Actual	Sep-23 Variance (\$)	Sep-23 Variance (%)	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)
Labor								
1 Salaries & Wages	0.542	0.637	(0.095)	(17.6%)	0.542	0.463	0.078	14.5%
2 Pension & Benefits	0.224	0.159	0.065	29.0%	0.224	0.116	0.108	48.4%
3 Overtime Pay	0.030	0.009	0.021	68.7%	0.030	0.008	0.022	73.5%
4 Overtime Benefits	0.004	0.000	0.003	86.7%	0.004	0.000	0.004	98.2%
Total HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.806	\$ (0.006)	(0.8%)	\$ 0.800	\$ 0.587	\$ 0.213	26.6%
Non-Labor / Other Operating Expenses								
5 Materials & Supplies	0.002	0.002	-	0.0%	0.002	0.003	(0.000)	(19.1%)
6 Transportation, Per Diem, and Mileage	0.002	0.011	(0.009)	(415.8%)	0.002	0.010	(0.008)	(362.0%)
7 Retiree Medical Benefits	0.663	0.583	0.080	12.0%	0.663	0.580	0.083	12.5%
8 Security	0.066	0.082	(0.015)	(23.2%)	0.066	0.096	(0.030)	(45.3%)
9 Utilities & Rents	0.006	0.005	0.000	6.6%	0.006	0.006	-	0.0%
10 Legal Services	0.307	0.079	0.228	74.2%	0.307	0.153	0.154	50.2%
11 Communications Expenses	0.001	-	0.001	100.0%	0.001	-	0.001	100.0%
12 Professional & Technical Outsourced Services	0.179	(0.465)	0.644	360.3%	0.179	0.001	0.178	99.3%
13 Regulation and Environmental Inspection	0.133	0.004	0.129	97.1%	0.133	0.010	0.122	92.3%
14 External Audit Services	0.028	0.009	0.019	67.8%	-	-	-	n.a.
15 Equipment, Inspections, Repairs and Others	0.056	0.127	(0.072)	(129.7%)	0.056	0.199	(0.144)	(258.9%)
16 PREPA Restructuring & Title III	2.513	2.513	-	0.0%	2.513	2.513	-	0.0%
17 FOMB Advisor Costs allocated to PREPA	2.735	2.735	-	0.0%	2.735	2.735	-	0.0%
Total HoldCo Non-Labor / Other Operating Expenses	\$ 6.689	\$ 5.685	\$ 1.004	15.0%	\$ 6.661	\$ 6.306	\$ 0.356	5.3%
18 Shared Services Agreement HoldCo	0.166	0.123	0.043	26.1%	0.166	0.093	0.073	43.8%
19 Temporary PREPA ERS Contribution	-	-	-	n.a.	-	-	-	n.a.
20 Maintenance Projects Expenses HoldCo	0.054	-	0.054	100.0%	0.054	-	0.054	100.0%
Total HoldCo Operating Expenses	\$ 7.709	\$ 6.614	\$ 1.094	14.2%	\$ 7.681	\$ 6.986	\$ 0.694	9.0%

2.167	2.366	(0.199)	(9.2%)
0.897	0.598	0.299	33.4%
0.120	0.396	(0.275)	(228.7%)
0.014	0.047	(0.033)	(230.6%)
\$ 3.199	\$ 3.407	\$ (0.208)	(6.5%)
0.010	0.010	(0.000)	(4.8%)
0.009	0.152	(0.143)	(1653.7%)
2.650	2.308	0.342	12.9%
0.266	0.336	(0.070)	(26.4%)
0.022	0.085	(0.063)	(286.4%)
1.229	0.503	0.726	59.1%
0.002	-	0.002	100.0%
0.715	0.113	0.602	84.2%
0.530	0.282	0.248	46.8%
1.108	0.451	0.657	59.3%
0.222	0.645	(0.423)	(190.4%)
10.050	10.050	-	0.0%
10.940	10.940	-	0.0%
\$ 27.753	\$ 25.875	\$ 1.878	6.8%
0.664	0.396	0.269	40.4%
-	-	-	n.a.
0.215	-	0.215	100.0%
\$ 31.832	\$ 29.678	\$ 2.153	6.8%

B. HydroCo - Operations & Maintenance Expenses

	Sep-23 Budget	Sep-23 Actual	Sep-23 Variance (\$)	Sep-23 Variance (%)	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)
Labor								
21 Salaries & Wages	0.212	0.315	(0.103)	(48.6%)	0.212	0.259	(0.047)	(22.2%)
22 Pension & Benefits	0.128	0.079	0.049	38.3%	0.128	0.065	0.063	49.3%
23 Overtime Pay	0.024	0.107	(0.083)	(345.2%)	0.024	0.077	(0.053)	(219.0%)
24 Overtime Benefits	0.003	0.010	(0.007)	(245.0%)	0.003	0.002	0.001	25.2%
Total HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.511	\$ (0.144)	(39.3%)	\$ 0.367	\$ 0.403	\$ (0.036)	(9.8%)
Non-Labor / Other Operating Expenses								
25 Materials & Supplies	0.060	(1.688)	1.748	2897.3%	0.060	0.155	(0.095)	(157.6%)
26 Transportation, Per Diem, and Mileage	0.022	0.146	(0.124)	(551.9%)	0.022	0.015	0.007	32.8%
27 Security	0.143	0.182	(0.039)	(27.7%)	0.143	0.202	(0.060)	(41.9%)
28 Utilities & Rents	0.007	-	0.007	100.0%	0.007	0.000	0.006	94.6%
29 Professional & Technical Outsourced Services	0.016	0.001	0.014	91.2%	0.016	0.047	(0.032)	(204.8%)
30 Regulation and Environmental Inspection	0.061	0.004	0.057	93.6%	0.061	0.010	0.051	83.3%
31 Equipment, Inspections, Repairs and Others	0.158	0.101	0.057	36.0%	0.158	(0.004)	0.161	102.4%
Total HoldCo Non-Labor / Other Operating Expenses	\$ 0.466	\$ (1.253)	\$ 1.719	368.8%	\$ 0.466	\$ 0.427	\$ 0.039	8.4%
32 Shared Services Agreement HydroCo	0.098	0.072	0.026	26.8%	0.098	0.055	0.044	44.3%
33 Maintenance Projects Expenses HydroCo	0.206	-	0.206	100.0%	0.206	-	0.206	100.0%
Total HydroCo Operating & Maintenance Expenses	\$ 1.137	\$ (0.671)	\$ 1.808	159.0%	\$ 1.137	\$ 0.885	\$ 0.252	22.2%
Total HoldCo & HydroCo Operating & Maintenance Expenses	\$ 8.846	\$ 5.944	\$ 2.902	32.81%	\$ 8.818	\$ 7.871	\$ 0.947	10.74%

0.848	1.023	(0.175)	(20.7%)
0.511	0.257	0.254	49.7%
0.096	0.244	(0.148)	(153.8%)
0.012	0.018	(0.007)	(55.8%)
\$ 1.466	\$ 1.542	\$ (0.076)	(5.2%)
0.241	1.931	(1.689)	(700.1%)
0.090	0.177	(0.088)	(97.9%)
0.571	0.727	(0.156)	(27.4%)
0.027	0.000	0.026	98.7%
0.062	0.176	(0.114)	(183.1%)
0.244	0.278	(0.034)	(14.0%)
0.631	1.107	(0.476)	(75.5%)
\$ 1.865	\$ 4.397	\$ (2.532)	(135.7%)
0.394	0.233	0.160	40.7%
0.824	0.241	0.583	70.7%
\$ 4.548	\$ 6.413	\$ (1.864)	(41.0%)
\$ 36.380	\$ 36.091	\$ 0.289	0.8%

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

Note 2: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2024.

Note 3: Due to the Genera transaction, many of the line items in PREPA's YTD B2A include Genera expenses as Genera has been utilizing PREPA's legacy cost centers. Specifically, HydroCo Materials & Supplies and HydroCo Professional & Technical Services line items include Genera expenses in October 2023. Although PREPA has discontinued the use of its legacy cost centers as of November 1, 2023, PREPA expects that this issue will continue at least until its November B2A submittal.

Note 4: October HydroCo Equipment, Inspections, and Repairs shows a reversal of Genera expenses which were reflected in the PREPA legacy cost centers for the prior months.

Note 5: HoldCo and HydroCo Security Services amounts have been revised for September and October to reflect charges related to FY24 invoices.

Note 6: HoldCo Utilities & Rent, Restructuring & Title III, and FOMB Advisors Cost are equal to budget for October to accrue for monthly expenses.

Puerto Rico Electric Power Authority
 Monthly VTP & ERS Expenses
 FISCAL YEAR 2024
 As Of: 12/15/23

FY24 VTP & ERS Expenses

Expenses	July-23				August-23				September-23				October-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 (%)	Sep-23 Budget	Sep-23 Actual	Sep-23 Variance (\$)	Sep-23 Variance (%)	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
40 Voluntary Transition Program (VTP)	14,735	14,735	0,000	0.0%	0,039	0,039	0	0.0%	-	-	-	n.a.	-	-	-	n.a.	14,774	14,774	0,000	0.0%
41 Employee Retirement System Contribution (ERS)	22,442	22,442	-	0.0%	25,277	25,277	0	0.0%	23,677	23,677	-	0.0%	22,075	22,075	-	0.0%	93,471	93,471	0,000	0.0%
Total VTP & ERS Expenses	\$ 37,177	\$ 37,177	\$ 0,000	0.0%	\$ 25,316	\$ 25,316	\$ 0,000	0.0%	\$ 23,677	\$ 23,677	\$ -	0.0%	\$ 22,075	\$ 22,075	\$ -	0.0%	\$ 108,246	\$ 108,245	\$ 0,001	0.0%

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 \$29.4 million of VTP and \$142.7M of ERS funds to be available in FY2024.

Puerto Rico Electric Power Authority
Variance Detail
FISCAL YEAR 2024
12/15/23

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: 12/15/23

	<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	91,305	66,427								
<i>Loan Guaranties</i>	147	176	159	116								
<i>Work Comp Insurance</i>	9,143	11,004	9,936	7,229								
<i>Social Security</i>	15,075	18,146	16,385	11,921								
<i>Medicare</i>	3,529	4,250	3,838	2,792								
<i>Christmas Bonus</i>	3,323	4,003	3,615	2,630								
<i>Health Plan</i>	31,281	37,649	33,997	24,733								
Total	146,516	176,342	159,235	115,848	-	-	-	-	-	-	-	-
<u>HydroCo - Pension and Benefits</u>												
<i>Pension Benefits</i>	39,535	25,571	45,144	37,133								
<i>Loan Guaranties</i>	69	45	79	65								
<i>Work Comp Insurance</i>	4,302	2,783	4,913	4,041								
<i>Social Security</i>	7,095	4,589	8,101	6,664								
<i>Medicare</i>	1,662	1,075	1,897	1,561								
<i>Christmas Bonus</i>	1,565	1,012	1,787	1,470								
<i>Health Plan - Regular</i>	14,721	9,521	16,809	13,826								
Total	68,949	44,596	78,730	64,759	-	-	-	-	-	-	-	-

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

