

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

<b>NEPR</b>
<b>Received:</b>
<b>Feb 15, 2024</b>
<b>2:37 PM</b>

**IN RE:** REVIEW OF LUMA'S INITIAL  
BUDGETS

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

**MOTION TO SUBMIT THE DECEMBER 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, LUMA<sup>1</sup> 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

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<sup>1</sup> 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 December 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 15<sup>th</sup> day of February 2024.

**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](mailto:arivera@gmlex.net)

# Financial Oversight & Management Board for Puerto Rico

## Puerto Rico Electric Power Authority

Report Date **2/15/24**



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**Puerto Rico Electric Power Authority**  
**B2A Summary**  
**FISCAL YEAR 2024**  
**As 2/15/24**

**FY24 Monthly B2A Summary**

(\$ millions)

Summary	December-23				YTD			
	Dec-23 Budget	Dec-23 Actual	Dec-23 Variance (\$)	Dec-23 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
<b>A. Expenses</b>								
<b><u>HoldCo:</u></b>								
HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.595	\$ 0.205	25.6%	\$ 4.799	\$ 4.567	\$ 0.232	4.8%
HoldCo Non-Labor / Other Operating Expenses	6.661	6.508	0.154	2.3%	41.076	38.567	2.508	6.1%
Shared Services Agreement	0.166	0.154	0.012	7.2%	0.997	0.940	0.056	5.7%
Temporary PREPA ERS Contribution	4.834	4.834	-	0.0%	4.834	4.834	-	0.0%
Maintenance Projects Expenses	0.054	-	0.054	100.0%	0.323	-	0.323	100.0%
<b>Total HoldCo Operating Expenses</b>	<b>\$ 12.514</b>	<b>\$ 12.090</b>	<b>\$ 0.424</b>	<b>3.4%</b>	<b>\$ 52.027</b>	<b>\$ 48.908</b>	<b>\$ 3.119</b>	<b>6.0%</b>
<b><u>HydroCo:</u></b>								
HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.358	\$ 0.009	2.4%	\$ 2.199	\$ 2.201	\$ (0.002)	(0.1%)
HydroCo Non-Labor / Other Operating Expenses	0.466	0.014	0.452	97.0%	2.798	4.841	(2.043)	(73.0%)
Shared Services Agreement	0.098	0.092	0.007	6.7%	0.591	0.560	0.030	5.1%
Maintenance Projects Expenses	0.206	-	0.206	100.0%	1.236	0.000	1.235	100.0%
<b>Total HydroCo Operating Expenses</b>	<b>\$ 1.137</b>	<b>\$ 0.464</b>	<b>\$ 0.674</b>	<b>59.2%</b>	<b>\$ 6.823</b>	<b>\$ 7.603</b>	<b>\$ (0.780)</b>	<b>(11.4%)</b>
<b>Total HoldCo &amp; HydroCo Expenses</b>	<b>\$ 13.652</b>	<b>\$ 12.554</b>	<b>\$ 1.098</b>	<b>8.0%</b>	<b>\$ 58.850</b>	<b>\$ 56.511</b>	<b>\$ 2.339</b>	<b>4.0%</b>
<b><u>Other Expenses:</u></b>								
PREPA Voluntary Transition Program	\$ -	\$ -	\$ -		\$ 14.774	\$ 14.774	\$ 0.000	0.0%
Emergency PREPA Employee Retirement System Contribution	20.011	20.011	-	0.0%	142.713	142.713	-	0.0%
<b>Total Other Expenses</b>	<b>\$ 20.011</b>	<b>\$ 20.011</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 157.487</b>	<b>\$ 157.487</b>	<b>\$ 0.000</b>	<b>0.0%</b>

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 FY2024 amounts based on the Revised FOMB Certified Budget dated December 12, 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 YTD B2A include Genera expenses as Genera has been entering these expenses into PREPA's legacy cost centers. Genera posted some journal entries in December to reverse these expenses, which are reflected in the HydroCo line items. Although PREPA discontinued the use of its legacy cost centers as of November 1, 2023, Genera expenses continue to affect legacy cost centers. PREPA expects that this issue will continue in the upcoming B2A reports and will continue to monitor accounts closely to resolve any issues.

Puerto Rico Electric Power Authority  
 Monthly Expenses  
 FISCAL YEAR 2024  
 As Of: 2/15/24

### FY24 Monthly Expenses

(\$ millions)

Expenses
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December-23			
Dec-23 Budget	Dec-23 Actual	Dec-23 Variance (\$)	Dec-23 Variance (%)

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

**A. HoldCo - Operations Expenses**

**Labor**

1	Salaries & Wages	0.542	0.486	0.055	10.2%	3.251	3.311	(0.060)	(1.8%)
2	Pension & Benefits	0.224	0.103	0.121	53.9%	1.346	0.802	0.544	40.4%
3	Overtime Pay	0.030	0.005	0.025	82.9%	0.181	0.407	(0.227)	(125.5%)
4	Overtime Benefits	0.004	0.000	0.004	98.9%	0.022	0.048	(0.026)	(122.4%)
<b>Total HoldCo Labor Operating Expenses</b>		<b>\$ 0.800</b>	<b>\$ 0.595</b>	<b>\$ 0.205</b>	<b>25.6%</b>	<b>\$ 4.799</b>	<b>\$ 4.567</b>	<b>\$ 0.232</b>	<b>4.8%</b>

**Non-Labor / Other Operating Expenses**

5	Materials & Supplies	0.002	0.015	(0.013)	(541.2%)	0.015	0.028	(0.013)	(91.6%)
6	Transportation, Per Diem, and Mileage	0.002	0.009	(0.007)	(327.8%)	0.013	0.171	(0.158)	(1215.7%)
7	Retiree Medical Benefits	0.663	0.559	0.103	15.6%	3.975	3.437	0.538	13.5%
8	Security	0.066	0.084	(0.017)	(26.0%)	0.399	0.475	(0.077)	(19.2%)
9	Utilities & Rents	0.006	0.005	0.000	4.9%	0.033	0.095	(0.062)	(187.6%)
10	Legal Services	0.307	0.307	-	0.0%	1.844	0.966	0.878	47.6%
11	Communications Expenses	0.001	-	0.001	100.0%	0.003	-	0.003	100.0%
12	Professional & Technical Outsourced Services	0.179	0.029	0.149	83.5%	1.073	0.186	0.886	82.6%
13	Regulation and Environmental Inspection	0.133	0.001	0.131	99.1%	0.796	0.284	0.512	64.4%
14	External Audit Services	-	-	-	n.a.	1.108	0.454	0.654	59.0%
15	Equipment, Inspections, Repairs and Others	0.056	0.249	(0.194)	(349.0%)	0.333	0.987	(0.654)	(196.3%)
16	PREPA Restructuring & Title III	2.513	2.513	-	0.0%	15.075	15.075	-	0.0%
17	FOMB Advisor Costs allocated to PREPA	2.735	2.735	-	0.0%	16.411	16.411	-	0.0%
<b>Total HoldCo Non-Labor / Other Operating Expenses</b>		<b>\$ 6.661</b>	<b>\$ 6.508</b>	<b>\$ 0.154</b>	<b>2.3%</b>	<b>\$ 41.076</b>	<b>\$ 38.567</b>	<b>\$ 2.508</b>	<b>6.1%</b>

18	Shared Services Agreement HoldCo	0.166	0.154	0.012	7.2%	0.997	0.940	0.056	5.7%
19	Temporary PREPA ERS Contribution	4.834	4.834	-	0.0%	4.834	4.834	-	0.0%
20	Maintenance Projects Expenses HoldCo	0.054	-	0.054	100.0%	0.323	-	0.323	100.0%
<b>Total HoldCo Operating Expenses</b>		<b>\$ 12.514</b>	<b>\$ 12.090</b>	<b>\$ 0.424</b>	<b>3.4%</b>	<b>\$ 52.027</b>	<b>\$ 48.908</b>	<b>\$ 3.119</b>	<b>6.0%</b>

**B. HydroCo - Operations & Maintenance Expenses**

**Labor**

21	Salaries & Wages	0.212	0.249	(0.037)	(17.7%)	1.272	1.473	(0.201)	(15.8%)
22	Pension & Benefits	0.128	0.062	0.066	51.4%	0.766	0.369	0.397	51.8%
23	Overtime Pay	0.024	0.045	(0.021)	(87.0%)	0.144	0.334	(0.190)	(131.6%)
24	Overtime Benefits	0.003	0.001	0.002	55.4%	0.018	0.026	(0.008)	(48.1%)
<b>Total HydroCo Labor Operating Expenses</b>		<b>\$ 0.367</b>	<b>\$ 0.358</b>	<b>\$ 0.009</b>	<b>2.4%</b>	<b>\$ 2.199</b>	<b>\$ 2.201</b>	<b>\$ (0.002)</b>	<b>(0.1%)</b>

**Non-Labor / Other Operating Expenses**

25	Materials & Supplies	0.060	(0.217)	0.278	460.5%	0.362	1.955	(1.593)	(440.1%)
26	Transportation, Per Diem, and Mileage	0.022	0.020	0.002	8.8%	0.135	0.203	(0.069)	(51.1%)
27	Security	0.143	0.189	(0.046)	(32.2%)	0.856	1.067	(0.211)	(24.7%)
28	Utilities & Rents	0.007	0.001	0.006	88.0%	0.040	0.001	0.039	97.1%
29	Professional & Technical Outsourced Services	0.016	-	0.016	100.0%	0.094	0.176	(0.083)	(88.8%)
30	Regulation and Environmental Inspection	0.061	0.001	0.060	97.9%	0.366	0.279	0.087	23.7%
31	Equipment, Inspections, Repairs and Others	0.158	0.021	0.137	87.0%	0.946	1.159	(0.213)	(22.5%)
<b>Total HoldCo Non-Labor / Other Operating Expenses</b>		<b>\$ 0.466</b>	<b>\$ 0.014</b>	<b>\$ 0.452</b>	<b>97.0%</b>	<b>\$ 2.798</b>	<b>\$ 4.841</b>	<b>\$ (2.043)</b>	<b>(73.0%)</b>

32	Shared Services Agreement HydroCo	0.098	0.092	0.007	6.7%	0.591	0.560	0.030	5.1%
33	Maintenance Projects Expenses HydroCo	0.206	-	0.206	100.0%	1.236	0.000	1.235	100.0%
<b>Total HydroCo Operating &amp; Maintenance Expenses</b>		<b>\$ 1.137</b>	<b>\$ 0.464</b>	<b>\$ 0.674</b>	<b>59.2%</b>	<b>\$ 6.823</b>	<b>\$ 7.603</b>	<b>\$ (0.780)</b>	<b>(11.4%)</b>

**Total HoldCo & HydroCo Operating & Maintenance Expenses**

<b>\$ 13.652</b>	<b>\$ 12.554</b>	<b>\$ 1.098</b>	<b>8.04%</b>
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<b>\$ 58.850</b>	<b>\$ 56.511</b>	<b>\$ 2.339</b>	<b>4.0%</b>
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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: Actual expense amounts for HoldCo Legal Services are equal to budget for December as PREPA is currently reconciling December invoices and amounts to properly accrue for actual monthly expenses.

Note 4: Due to the Genera transaction, many of the line items in PREPA's YTD B2A include Genera expenses as Genera has been entering these expenses into PREPA's legacy cost centers. Genera posted some journal entries in December to reverse these expenses, which are reflected in the HydroCo line items. Although PREPA discontinued the use of its legacy cost centers as of November 1, 2023, Genera expenses continue to affect legacy cost centers. PREPA expects that this issue will continue in the upcoming B2A reports and will continue to monitor accounts closely to resolve any issues.

Note 5: HoldCo Restructuring & Title III and FOMB Advisors Cost are equal to budget for December to accrue for monthly expenses. PREPA is currently reconciling accounting issues related to Title III costs and has not received all FY24 Hacienda invoices related to FOMB Advisors Cost.

Puerto Rico Electric Power Authority  
 Monthly VTP & ERS Expenses  
 FISCAL YEAR 2024  
 As Of: 2/15/24

### FY24 VTP & ERS Expenses

(\$ millions)

Expenses
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- 40 Voluntary Transition Program (VTP)
- 41 Employee Retirement System Contribution (ERS)
- Total VTP & ERS Expenses**

Dec-23 Budget	December-23		
	Dec-23 Actual	Dec-23 Variance (\$)	Dec-23 Variance (%)
-	-	-	n.a.
20.011	20.011	-	0.0%
<b>\$ 20.011</b>	<b>\$ 20.011</b>	<b>\$ -</b>	<b>0.0%</b>

YTD			
YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
14.774	14.774	0.000	0.0%
142.713	142.713	-	0.0%
<b>\$ 157.487</b>	<b>\$ 157.487</b>	<b>\$ 0.000</b>	<b>0.0%</b>

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**  
**2/15/24**

**Variance # 1**  
**FOMB Category: HydroCo Maintenance Expenses**  
**Account: HydroCo Maintenance Project Expenses**

Expenses	Budget Dec	Actual Dec	Variance(\$)	Variance (%)
HydroCo Maintenance Project Expenses	\$ 0.206	\$ -	\$ 0.206	100.00%

**Variance Explanation**  
 PREPA is currently investigating this variance with the Operations Team.

**Root Cause**  
 PREPA is currently investigating this variance with the Operations Team.

**Corrective Action**  
 PREPA is currently investigating this variance with the Operations Team.

**Variance # 2**  
**FOMB Category: HydroCo Non Labor / Other Operating Expenses**  
**Account: HydroCo Materials & Supplies**

Expenses	Budget Dec	Actual Dec	Variance(\$)	Variance (%)
HydroCo Materials & Supplies	\$ 0.060	\$ (0.217)	\$ 0.278	460.46%

**Variance Explanation**  
 Genera expenses were entered into PREPA's legacy cost centers. PREPA has identified the net effect of Genera's reversals in December to be \$217,480, whereas PREPA's expenses of \$22,374 were offset by Genera's corrective actions in the amount of -\$239,844.

**Root Cause**  
 Genera expenses were entered into PREPA's legacy cost centers.

**Corrective Action**  
 PREPA discontinued its legacy cost centers as of November 1, 2023. The revised net effect of various corrections may take longer than expected to reflect in the upcoming Budget to Actual reports.



**Puerto Rico Electric Power Authority**  
**Variance Detail**  
**FISCAL YEAR 2024**  
**2/15/24**

**Variance # 3**  
**FOMB Category: HoldCo Non Labor / Other Operating Expenses**  
**Account: HoldCo Equipment, Inspections, Repairs and Others**

Expenses	Budget Dec	Actual Dec	Variance(\$)	Variance (%)
HoldCo Equipment, Inspections, Repairs and Others	\$ 0.056	\$ 0.249	\$ (0.194)	-349.01%

**Variance Explanation**  
 PREPA identified that of the \$249,198.28 amount charged for December HoldCo Equipment, Inspections, Repairs and Others, \$139,270.07 relates to payment of PREPA's APPA Membership. Per the Energy Bureau's December 8, 2023 Resolution and Order, the Energy Bureau amended PREPA's HoldCo Regulation and Environmental Inspection budget line for an additional \$140,000 specifically for the inclusion of PREPA's APPA Membership. Therefore, the \$140,000 December charge related to PREPA's APPA Membership was accounted for in the HoldCo Equipment, Inspections, Repairs and Others line and should be accounted for in HoldCo Regulation and Environmental Inspection line item where it was properly allocated for in PREPA's FY 2024 budget.

**Root Cause**  
 PREPA's APPA Membership was included in this line item.

**Corrective Action**  
 PREPA is working to prepare a journal entry to move the \$139,270.07 charge related to PREPA's APPA Membership from HoldCo Equipment, Inspections, Repairs and Other line item to HoldCo Regulation and Environmental Inspection, where PREPA's Regulation and Environmental Inspection budget line was amended for by the Energy Bureau on December 8, 2024 for \$140,000 specifically for the inclusions on PREPA's APPA Membership.

**Puerto Rico Electric Power Authority**  
**Pension and Benefits**  
**FISCAL YEAR 2024**  
**As Of: 2/15/24**

	<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>
<b><u>HoldCo - Pension and Benefits</u></b>												
<i>Pension Benefits</i>	84,017	101,115	91,305	66,427	57,482	59,284						
<i>Loan Guaranties</i>	147	176	159	116	100	103						
<i>Work Comp Insurance</i>	9,143	11,004	9,936	7,229	6,255	6,452						
<i>Social Security</i>	15,075	18,146	16,385	11,921	10,315	10,639						
<i>Medicare</i>	3,529	4,250	3,838	2,792	2,416	2,492						
<i>Christmas Bonus</i>	3,323	4,003	3,615	2,630	2,276	2,347						
<i>Health Plan</i>	31,281	37,649	33,997	24,733	21,403	22,074						
<b>Total</b>	<b>146,516</b>	<b>176,342</b>	<b>159,235</b>	<b>115,848</b>	<b>100,247</b>	<b>103,390</b>	-	-	-	-	-	-
<b><u>HydroCo - Pension and Benefits</u></b>												
<i>Pension Benefits</i>	39,535	25,571	45,144	37,133	28,751	35,550						
<i>Loan Guaranties</i>	69	45	79	65	50	62						
<i>Work Comp Insurance</i>	4,302	2,783	4,913	4,041	3,129	3,869						
<i>Social Security</i>	7,095	4,589	8,101	6,664	5,160	6,380						
<i>Medicare</i>	1,662	1,075	1,897	1,561	1,208	1,494						
<i>Christmas Bonus</i>	1,565	1,012	1,787	1,470	1,138	1,407						
<i>Health Plan - Regular</i>	14,721	9,521	16,809	13,826	10,705	13,237						
<b>Total</b>	<b>68,949</b>	<b>44,596</b>	<b>78,730</b>	<b>64,759</b>	<b>50,141</b>	<b>61,999</b>	-	-	-	-	-	-

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

