

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

NEPR Received: Mar 26, 2024 5:41 PM
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IN RE:

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO. NEPR-MI-2020-0001

**SUBJECT: Motion in Compliance with Resolution and
Order of March 26, 2024**

**MOTION IN COMPLIANCE WITH RESOLUTION AND ORDER OF MARCH 26, 2024
TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

COMES now **LUMA Energy ServCo, LLC** (“ServCo”), (“LUMA”), and respectfully states and requests the following:

1. LUMA’s duties over system regulatory matters pursuant to Section 5.6 of the Puerto Rico Transmission and Distribution Operation and Maintenance Agreement (“T&D OMA”) as supplemented by the Puerto Rico Transmission and Distribution System Supplemental Terms Agreement, include preparation of the required reconciliations of the Fuel Charge Adjustment (“FCA”), Purchased Power Charge Adjustment (“PPCA”), and Fuel Oil Subsidy (“FOS”) riders.

2. Pursuant to a Resolution and Order dated January 17, 2020, issued by this Honorable Puerto Rico Energy Bureau (“Energy Bureau”), in this proceeding, reconciliations of fuel and purchased power costs and calculated FCA, PPCA, and FOS factors are filed quarterly. *See also* Final Rate Order issued on January 10, 2017, Case CEPR-AP-2015-0001, as amended (“Final Rate Order”).

3. On December 21, 2023, this Energy Bureau set the FCA, PPCA, and FOS factors to be applied from January 1, 2024, until March 31, 2024 (“December 21st Order”). Furthermore, in the December 21st Order, the Energy Bureau directed that on or before March 15, 2024, at noon, LUMA shall file the FCA, PPCA, and FOS reconciliations for December 2023 through February 2024, as well as the factors to be applied for the quarter beginning on April 1, 2024.

4. On March 14, 2024, LUMA filed an *Urgent Request for Extension of Time to Submit Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors*, petitioning the Energy Bureau for an extension until March 22, 2024, at noon, to submit the FCA, PPCA, and FOS reconciliations for December 2023 through February 2024, and the calculated factors to be applied for the next quarter.

5. On March 15, 2024, the Energy Bureau issued a Resolution and Order granting the extension requested.

6. On March 22, 2024, LUMA filed an *Urgent Brief Additional Request for Extension of Time to Submit Quarterly Reconciliations and FCA, PPCA, and FOS Calculated Factors*, petitioning the Energy Bureau for an extension until March 25, 2024, at noon, to submit the aforementioned reconciliations and proposed factors.

7. On March 22, 2024, the Energy Bureau issued a Resolution and Order granting the extension requested. In addition, the Energy Bureau ordered LUMA to include the total interconnection cost estimate for the Tranche 1 projects in the proposed factor analysis. The total cost estimate should be broken down into the estimated monthly amounts necessary to meet the costs of the interconnection projects from inception to completion. Also, it instructed LUMA to report the actual cost incurred in Q2 2024 of the interconnection projects and the amount recovered for that purpose during the same quarter. LUMA shall submit this information, in addition to the

interconnection cost estimate remaining to complete the projects, broken down by month, on June 15, 2024, along with the reconciliation for March, April, and May 2024 and the proposed factors to begin on July 1, 2024 (“March 25th Order”).

8. On March 25, 2024, LUMA filed a *Submission of FCA and PPCA Reconciliations for December 2023 Through February 2024, and FCA, PPCA and FOS Calculated Factors, and Request for Confidential Treatment* (“March 25th Submission”). LUMA submitted the quarterly reconciliations for the FCA and PPCA riders for December 2023 through February 2024 and the proposed factors for the FCA, PPCA, and FOS riders to be in effect for the period from April 1 until June 30, 2024. As part of the filing, LUMA included Excel spreadsheets filed publicly and confidential Excel spreadsheets with formulae intact.

9. Also, on March 25, 2024, LUMA filed a *Motion in Compliance with Resolution and Order of March 22, 2024*. Therein, LUMA informed that the actual costs incurred related to Tranche 1 interconnection projects up to February 2024, as well as estimated Tranche 1 interconnection costs for the next quarter, were included in the Excel spreadsheet named “April – June 2024 Proposed Factors.xlsx,” specifically, in the tab labeled “Interconnection Costs,” exhibit to the March 25th Submission.

10. On March 26, 2024, the Energy Bureau entered a Resolution and Order requiring to submit certain information on or before 5:00 p.m. of that same day. Specifically, the Energy Bureau ordered LUMA to clarify what the \$1,181,577.47 line item identified as an appropriation in the March 25th Submission, File "April - June 2024 Proposed Factors.xlsx, Tab "Attachment 2", Cell C22 corresponds to and submit supporting documentation. In addition, the Energy Bureau directed LUMA to clarify the \$9,899,580.26 line item in relation to the reserve of \$15,247,171.65 to be recovered for the period from January 1 to March 31, 2024, through the PPCA clause.

Similarly, the Energy Bureau instructed LUMA to confirm that the expenses for the next quarter (April -June 2024) were included in the proposed factors and submit the calculations and supporting documentation.

11. In compliance with the March 26th Order, LUMA hereby submits its responses to the action items ordered by the Energy Bureau in *Exhibit 1* to this Motion.

12. LUMA also informs that it will be submitting in a separate filing today, an amendment to the March 25th Submission, specifically revising the proposed PPCA factor for the next quarter.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and **deem** LUMA complied with the Resolution and Order dated March 26, 2024.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 26th day of March 2024.

I hereby certify that I filed this Motion using the electronic filing system of this Energy Bureau. I will send an electronic copy of this Motion to counsel for PREPA Alexis Rivera, arivera@gmlex.net, counsels for Genera, alopez@sbgblaw.com, and jfr@sbgblaw.com, and the Independent Consumer Protection Office through Director Hannia Rivera, hrivera@jrsp.pr.gov.



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Responses in Compliance with March 26, 2024, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20240326-PREB-01

SUBJECT

“April – June 2024 Proposed Factors.xlsx”

REQUEST

Clarify what the \$1,181,577.47 line item identified as a credit in the March 25th Motion, File "April - June 2024 Proposed Factors.xlsx", Tab "Attachment 2", Cell C22 corresponds to and submit supporting documentation.

RESPONSE

LUMA notes that in the Resolution and Order of March 22, 2024, the PREB directed LUMA to submit by June 15, 2024, actual costs for the interconnection projects and include those costs in the reconciliation for the months of March, April and May 2024 and the proposed factors to begin July 1, 2024. Accordingly, LUMA is removing the interconnection costs from the calculated factors to be implemented starting April 1, 2024. The information on interconnection costs previously provided by LUMA reflects actuals incurred by LUMA in interconnection-related work from September 2023 until February 2024. LUMA will conduct further reviews of actual costs incurred for the interconnection costs of Tranche 1 and submit the revised information to the PREB in its June 15, 2024, quarterly factors filing.

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Responses in Compliance with March 26, 2024, Resolution and Order

NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20240326-PREB-02

SUBJECT

Power Purchase Operating Agreement Reserve

REQUEST

By Resolution and Order¹ dated December 21, 2023, the Energy Bureau created a reserve of \$15,247,171.65 to be recovered for the period from January 1 to March 31, 2024, through the PPCA Clause to cover the cost associated with the approval of the 3rd Amendment to the Power Purchase Operating Agreement ("PPOA") between the Puerto Rico Electric Power Authority ("Authority") and AES Puerto Rico, LP ("AES"). In its factor proposal², LUMA included an item of \$9,899,580.26 corresponding to the referred reserve for the months of January and February. However, it did not make any reference to the expenses for such concept for the period from April 1 to June 30, 2024.

LUMA is **ordered** to clarify the reason for the \$9,899,580.26 item. LUMA is further **ordered** to confirm that the expenditures for such item for the next quarter (April - June 2024) were included in the factor proposal and to submit the calculations and supporting documentation.

RESPONSE

On December 21, 2023, the Puerto Rico Energy Bureau (PREB) issued a Resolution and Order (December 21st R&O) in which it ordered LUMA to collect \$15,247,171.65 (\$15 million) through the PPCA mechanism during the period from January 1, 2024, to March 31, 2024, to cover any potential impact associated with the approval of the Third Amendment to the PPOA between AES and PREPA.

The line item of \$9,899,580.26 (\$9.9 million) in Tab "Attachment 2" represents the portion of the \$15 million that was collected during January and February. These amounts are captured within the prior period purchase power reconciliation for January 2024 and February 2024. The \$9.9 million is included as a separate line item and netted against the prior reconciliation total, to ensure it remains available for when the financial impact of this amendment is reconciled.

The approval of the Third Amendment to the PPOA between AES and PREPA occurred in March 2024, which means that the costs associated with this approval were incurred in March. Since costs incurred in

¹ Resolution and Order of December 21, 2023, Docket No. NEPR-MI-2020-0001.

² LUMA's Motion on Quarterly Factors of March 25, 2024, Docket No. NEPR-MI-2020-0001.

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the month of March will be reconciled in the factors calculation pertaining to the first quarter of Fiscal Year 2025, the difference between actuals and the \$15 million reserve will be reconciled in the June 15, 2024, quarterly filing.

Lastly, LUMA confirms that the projected purchase power costs for the next quarter, as depicted in "Attachment 3" consider the approved 3rd Amendment to the PPOA between AES and PREPA.