

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

NEPR
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IN RE: REVIEW OF LUMA’S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Urgent Request for Additional Extension
of Time to Submit FY2025 System Budgets

**URGENT REQUEST FOR ADDITIONAL EXTENSION OF TIME TO SUBMIT FY2025 SYSTEM
BUDGETS**

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 state and submit the following:

1. On March 14, 2024, this Energy Bureau issued a Resolution and Order in this proceeding, stating, among other matters, that LUMA, Genera PR, LLC (“Genera”), and the Puerto Rico Electric Power Authority (“PREPA”) shall file the FY2025 System Budgets Proposal (“FY2025 System Budgets”) on or before April 15, 2024. The Energy Bureau based its determination on the procedure previously established to review annual budgets in accordance with the Resolution and Order dated January 10, 2017 in Case No. CEPR-AP-2015-0001 (“2017 Rate Order”).

2. On April 7, 2024, LUMA filed an *Informative Motion on Status of FY2025 Budget Allocation Discussions and Request for Additional Time to Conclude Discussions on the Fiscal Year 2025 Consolidated System Budget*, whereby it requested an extension of time, until May 15th, 2024, to file the FY2025 System Budgets. LUMA asserted that the requested additional time was needed for the budget allocation discussions required of LUMA, Genera, PREPA, and the Puerto Rico Public-Private Partnerships Authority (“P3A”) pursuant to Section 7.3(a) of the Transmission

and Distribution System Operation and Maintenance Agreement (“T&D OMA”), Section 3.1 of the PREPA-Genco-HydroCo Operating Agreement (“PGHOA”), and Section 7.3(a) of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement (“Generation OMA”). Additionally, LUMA explained that an extension of the deadline was necessary considering that for months, LUMA had been working on a budgeting process in connection with the ongoing Rate Review Proceeding, *In Re: Puerto Rico Electric Power Authority*, Case No. NEPR-AP-2023-0003 (“Rate Review Proceeding”), and thus, the contractually mandated budget allocation process had not been conducted under the reasonable assumption that this year, per the orders of this Energy Bureau, proposed budgets would be developed in connection with a revision of base rates.

3. On April 9, 2024, this Energy Bureau entered a Resolution and Order whereby it extended the deadline to submit the FY2025 System Budgets up to and including, May 15, 2024 (“April 9th Order”).

4. In parallel, on April 12, 2024, this Energy Bureau issued a Resolution and Order in the Rate Review Proceeding, whereby it stayed rate review proceedings¹ and directed LUMA, PREPA and Genera to “continue to operate within the terms and conditions of the 2017 Rate Order similar to what was approved in the June 25, 2023 Resolution and Order and subsequently amended[,] under the Budget Procedure.” *See* April 12th Order in the Rate Review Proceeding, pp. 3-4. This Energy Bureau further stated that “if the FY2025 Budget has substantial differences with the terms and conditions of the FY2024 Budget,” such modifications should be submitted by May 15th. *Id.*, p. 4.

5. LUMA, Genera and PREPA are working with the P3A to support the P3A’s determination on the FY2025 Budget Allocation. **As of today’s date, the FY2025 System**

¹ This, until the Title III Court issues a final decision on the Amended Plan and the rate review process concludes, unless the need for a provisional rate is justified. *See* April 12th Rate Proceeding Order, p. 4.

Budgets remain under review and subject to modifications depending on the final budget allocation determined by the P3A.

6. The current status of the contractually mandated Budget Allocation process necessarily impacts the deadline by which the parties are able to finalize their respective budgets for FY2025. LUMA understands that the P3A is working diligently to complete its review and make a budget allocation determination. A determination from the P3A is expected at any moment, after which LUMA anticipates the parties will require additional time to conform their budgets to the P3A's determination.

7. In light of the foregoing, LUMA must respectfully request an additional extension of time until **May 20th, 2024**, to allow the P3A to complete and notify its Budget Allocation determination and for the relevant parties to conduct the additional activities needed to conform their budgets to the P3A's determination.

8. LUMA intends to submit the FY2025 T&D Budgets developed by LUMA, the budget proposal for the legacy thermal generation units ("GenCo Budget"), developed by Genera, and the budget for the hydroelectric generating units and the public irrigation facilities (the "HydroCo Budget"), as contemplated in both the T&D OMA and the PGHOA.² LUMA also intends to file the consolidated budget allocation for the FY2025 System Budgets determined by the P3A. Accordingly, LUMA submits that PREPA should be required to separately file budgets for its subsidiaries, other than HydroCo, referred to in the PGHOA as the Other PREPA Budgets, directly with the Energy Bureau. Doing so will enable the Energy Bureau to appropriately assess

² See Section 7.3 of the T&D OMA (stating that LUMA submits to the P3A the T&D Budgets and the Generation Budget (Generation Pass-Through Expenditures for such Contract Year, together with the projected budget of the Generation Pass-Through Expenditures for the following two (2) Contract Years, in each case, including monthly budgets of such expenditures and cash flows) and Section 3.1(d) of the PGHOA (providing that GenCo Operator/Genera shall consolidate the GenCo Budget (prepared by GenCo Operator/Genera) with the HydroCo Budget (prepared by HydroCo/ PREPA) and send the consolidated budgets to LUMA for submittal to the P3A.

the consistency of the System Budgets developed pursuant to the T&D OMA, the Generation OMA and the PGHOA, as well as the appropriateness of the Other PREPA Budgets pursuant to the applicable legal provisions.

9. LUMA respectfully believes that extending the filing deadline to enable an annual budget filing that conforms to the processes contemplated in the T&D OMA, the Generation OMA and the PGHOA will be in the best interest of all parties.

10. This request for an extension is made in good faith and with the only purpose of allowing the parties involved in annual budgeting processes, to complete the contractually mandated collaborative process with the P3A before the FY2025 System Budgets are submitted to this Energy Bureau.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the above, **grant** this Request for Additional Extension and, consequently, **extend** the May 15th deadline set in the April 9th Order up to and including May 20, 2024.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of May, 2024

I hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. I also certify that a copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Mirelis Valle-Cancel, mvalle@gmlex.net; Alexis G. Rivera Medina, grivera@gmlex.net; and to Genera PR LLC, through its counsel of record: Jorge Fernandez-Reboredo, jfr@sbgblaw.com, Alejandro López Rodríguez, alopez@sbgblaw.com.



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