

**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 THIRD 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 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 15, 2024, to file the FY2025 System Budgets. LUMA asserted that the requested additional time was needed to conduct 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(b) 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 suggested that the extension was necessary considering that, for months, LUMA had been working on a process in connection with the ongoing Rate Review Proceeding, Case No. NEPR-AP-2023-0003 (“Rate Review Proceeding”), and thus, the annual budgeting process and the contractually mandated budget allocation process had not been conducted under the reasonable assumption that this year 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 in which it extended the deadline for LUMA to submit the FY2025 System Budgets to May 15, 2024 (“April 9th Order”).

4. Thereafter, this Energy Bureau issued a Resolution and Order in the Rate Review Proceeding whereby, in pertinent part, it ordered 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, 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 to this Energy Bureau. *Id.*, p. 4 .

5. On May 15, 2024, LUMA filed in this proceeding, an *Urgent Request for Additional Extension of Time to Submit FY2025 System Budgets*, whereby it requested an extension of time, until May 20, 2024, to file the FY2025 System Budgets (“May 15th Motion”). LUMA explained that the parties (LUMA, Genera and PREPA) were supporting the P3A’s efforts on the allocation of funds for FY2025 (“Budget Allocation Determination”) and that as of May 15th, the P3A had yet to issue a Budget Allocation Determination. LUMA stated its expectation that the

P3A would issue its decision at any moment and informed that after receipt of the P3A's Budget Allocation Determination, the parties may need to perform additional work.

6. On May 16, 2024, this Energy Bureau entered a Resolution and Order whereby it extended the deadline to submit the FY2025 System Budgets up to May 20, 2024.

7. Today, May 17, 2024, in the afternoon, LUMA received the P3A's Budget Allocation Determination. The P3A's Budget Allocation Determination differs considerably from the assumptions on which LUMA, Genera and PREPA based the development of their initial budget proposals to the P3A. Particularly, the amount of additional funds available to allocate among the parties (outside of base rates) differs from the amounts preliminarily communicated to by the P3A and on which the parties relied to build their respective proposed budgets. This means that the parties must reassess their proposed budgets to conform them to the P3A's Budget Allocation Determination.

8. Regarding the proposed FY2025 budgets for the Transmission and Distribution System ("T&D Budgets"), LUMA must engage personnel from several Departments to adjust budgets, activities and timelines for various initiatives for FY2025. This assessment and readjustment of projections and funding allocations is also necessary to comply with the Energy Bureau's directive that the parties conform their FY2025 budget proposals to the funding levels approved in the FY2024 System Budgets.

9. This recent development regarding the P3A's Budget Allocation Determination confirms that the parties must perform additional work before they finalize their budget proposals, as LUMA forewarned in the May 15th Motion. LUMA in good faith posits that it is not possible to review proposed budgets by May 20, 2024. Based on prior experiences and understanding the magnitude of the company-wide efforts that are needed to reassess budget projections, spending

priorities, and milestones in light of the needs of the utility, LUMA expects that the earliest date by which it can finalize necessary revisions to the T&D Budgets and prepare a consolidated filing for this Energy Bureau is May 24, 2024.

10. LUMA respectfully believes that extending the filing deadline will be in the best interest of all of the parties. This request for an extension is made in good faith and without any intent to delay this Energy Bureau's review of the FY2025 System Budgets. As stated above, LUMA understands that the additional time will allow the parties to conform their respective budget proposals to the spending thresholds approved by this Energy Bureau for FY2024, as requested by this Energy Bureau in the April 12th Order issued in the Rate Review Proceeding.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the above, **grant** this Request for Additional Extension and, consequently, **extend** the time to file the FY2025 System Budgets up to and including May 24, 2024.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 17th 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, arivera@gmlex.net; and to Genera PR LLC, through its counsel of record: Jorge Fernandez-Reboredo, jfr@sbglaw.com, Alejandro López Rodríguez, alopez@sbglaw.com.

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