

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

IN RE: PUERTO RICO ELECTRIC
POWER AUTHORITY RATE REVIEW

CASE NO.: NEPR-AP-2023-0003

SUBJECT: Motion Submitting Responses to
Attachment A to the June 5th, 2024 Resolution
and Order

NEPR

Received:

Jun 17, 2024

10:04 PM

**MOTION SUBMITTING RESPONSES TO ATTACHMENT A TO THE JUNE 5th, 2024
RESOLUTION AND ORDER**

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 request the following:

1. On June 30, 2024, this Puerto Rico Energy Bureau (“Energy Bureau”) issued a Resolution and Order “to initiate [this] adjudicative process to review PREPA’s rates” (the “June 30th Order”) and opened this instant proceeding. *See* June 30th Order, p. 2.

2. The Energy Bureau divided the rate review process into three (3) separate phases. *See* June 30th Order, p. 2. Phase I entails an informal review of previously established filing requirements. Through Phase I, the Energy Bureau will also determine which filing requirements will apply during Phase II and which requirements will be deferred and addressed during Phase III. *Id.*, pg. 4.

3. Phase II entails filing a rate order modification request based on the applicable filing requirements adopted by the Energy Bureau as a result of Phase I. *See* June 30th Order, p. 2. Upon such Phase II filing, which the Energy Bureau predetermined in the June 30th Order to be “incomplete”, the Energy Bureau will begin its review of the rate order modification request. It will adopt any interim decisions it deems appropriate. *Id.*, p.p. 2-3. Finally, Phase III involves the “formal review of a complete rate filing [which] contain[s] the items addressed in an interim matter in Phase II,” as well as the remaining filing requirements determined during the Phase I to be deferred to Phase III. *Id.*, p. 4.

4. On October 4, 2023, LUMA filed a *Motion in Compliance with June 30th Resolution and Order – Submission of Phase I Report* (“Phase I Report”). *See Motion in Compliance with June 30th Resolution and Order*, Exhibit I to same, and Appendix A with supporting spreadsheet with matrix on filing schedules.

5. On October 24, 2023, this Energy Bureau issued a Resolution and Order determining that LUMA's Phase I Report complied with the June 30th Order. ("October 24th Order") This Energy Bureau also issued a First Requirement of Information in Attachment A of the October 24th Order ("First ROI"), including requests addressed to LUMA, Genera, and PREPA.

6. On November 3, 2023, LUMA filed a Motion Submitting Responses to First Requirement of Information in Compliance with October 24th Resolution and Order, whereby it submitted its response to this Energy Bureau's First ROI.

7. On March 15, 2024, this Energy Bureau issued a Resolution and Order whereby, amongst other things, it assessed LUMA's Phase I Report, issued several directives and scheduled a Virtual Technical Conference for April 17, 2024 ("March 15th Order"). Furthermore, in the March 15th Order, this Energy Bureau divided Phase II of this rate review process into two steps. "Step 1 will focus on reviewing and finalizing the updated revenue requirements for LUMA, Genera, and PREPA. After a final decision on the revenue requirement, the Energy Bureau will formally begin Step 2 to review rate design." *Id.*, p.p. 4-5. Finally, in the March 15th Order, the Energy Bureau directed LUMA, Genera, and PREPA to submit responses to Attachment One on or before April 8, 2024. *Id.* It also directed LUMA to file the proposed revenue requirement for Phase II, Step I, on or before June 1, 2024.

8. On April 8, 2024, LUMA filed a *Request for Continuance of Technical Conference and Motion Submitting Responses to Attachment One to the Resolution and Order of March 15, 2024* whereby it requested that the Technical Conference programmed by this Energy Bureau for April 17, 2024 be rescheduled ("April 8th Motion"). LUMA also submitted its responses to this Energy Bureau's requests for information included in Attachment One of the March 15th Order.

9. On April 9, 2024, this Energy Bureau issued a Resolution and Order cancelling the Technical Conference scheduled for April 17, 2024. The Energy Bureau stated that it would timely reschedule a new date for a Technical Conference after its evaluation of the FY2025 System Budget to be filed in Case No. NEPR-MI-2021-0004.¹

10. On April 12, 2024, this Energy Bureau issued a Resolution and Order whereby it set aside Phase II and Phase III including all deadlines and/or milestones established through the

¹ In Case No. NEPR-MI-2021-0004, *In Re: Review of LUMA's Initial Budgets*, LUMA filed before this Energy Bureau a *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY2025 and Budget Allocations for the Electric Power System* dated May 24, 2024, whereby, amongst other things, LUMA submitted the proposed budgets for the Transmission and Distribution System for FY2025. See <https://energia.pr.gov/wp-content/uploads/sites/7/2024/05/20240525-MI20210004-Motion-FY2025-TD-GenCo-and-System.pdf>.

March 15th Order until “the Title III Court has rendered its decision on the confirmation of the Amended Plan, so that all matters associated with PREPA’s exit from Title III may be considered simultaneously.”

11. On June 5, 2024 this Energy Bureau issued its latest Resolution and Order whereby it determined that “additional information is required for its review of LUMA’s rate review filing” (“June 5th Order”). Therefore, the Energy Bureau ordered LUMA to respond – within ten (10) days of the notification of the June 5th Order – to several Requirements of Information set forth in Attachment A to the June 5th Order, regarding trial balances.

12. In compliance with the June 5th Order, LUMA hereby submits as Exhibit I to this Motion, its responses to the requests of information included in Attachment A to the June 5th Order.

WHEREFORE, LUMA respectfully requests the Energy Bureau to **take notice** of the above, **accept** the responses to Attachment A to the June 5th Order; and **deem** that LUMA has complied with the June 5th Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 17th day of June 2024

I HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this Motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Mirelis Valle-Cancel, mvalle@gmlex.net; and Alexis G. Rivera Medina, arivera@gmlex.net; and to Genera PR, LLC, through counsel of record: Jorge Fernández-Reboredo, jfr@sbgblaw.com; Alejandro López-Rodríguez, alopez@sbgblaw.com; regulatory@genera-pr.com; legal@genera-pr.com.



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Exhibit I

Rate Review

Rate Review

NEPR-AP-2023-0003

Response: RFI-LUMA-AP-2023-0003-20240605-PREB-LUMA-02-01

SUBJECT

Monthly Trial Balances

REQUEST

Does LUMA prepare monthly trial balances? If not explain fully why not.

RESPONSES

LUMA's response is limited to trial balances comprising all assets of the T&D System excluding generation assets currently operated and maintained by Genera PR, LLC and any other assets, including hydroelectric assets, currently operated and maintained by the Puerto Rico Electric Power Authority (PREPA).

Yes, LUMA prepares a trial balance report as part of its month-end process. However, the level of accuracy of this report is impaired because of outstanding accounting issues that pre-date LUMA's Service Commencement Date, including the lack of an accurate opening balance.

As stated in previous responses to Energy Bureau requests for information,¹ historical accounting issues with PREPA's balance sheet, under the responsibility of P3A and which are outside of LUMA's direct control, it remains outstanding and requires a broader remediation effort by PREPA to be resolved. LUMA's income statement accounts are materially correct in connection with the operations we currently conduct. However, the pre-existing accounting issues referenced herein impede LUMA's ability to accurately represent the balance sheet accounts in a trial balance given the lack of accurate opening balances.

¹ Responses to October 24, 2023, Requests, PREB-LUMA-01-06(a-b); and Responses to March 15, 2024 Requests, Introduction

Rate Review

Rate Review

NEPR-AP-2023-0003

Response: RFI-LUMA-AP-2023-0003-20240605-PREB-LUMA-02-02

SUBJECT

Quarterly or Year-to-Date Trial Balances

REQUEST

Does LUMA prepare quarterly or year-to-date trial balances? If not explain fully why not. If so, identify how frequently LUMA prepares trial balances and what information is included (e.g., current month, year-to-date, etc.).

RESPONSE

Yes, LUMA prepares trial balance reports as part of its monthly, quarterly, and year-end processes. Please refer to PREB-LUMA-02-01 for commentary on the limitations on the accuracy of this information. These limitations will remain until the external remediation efforts by PREPA are completed.

Information provided in the trial balance includes:

- GL Account String
- Company
- Account
- Subaccount
- Kind of Expense
- Responsibility
- Future1
- Period Name
- Currency Code
- Period Start Date
- Period End Date
- Period Begin Balance
- Debit
- Credit
- Period Activity
- Period End Balance
- Year Begin Balance
- Year Activity
- Year End Balance

Rate Review

- Period Year
- Project To Date Net
- Quarter To Date

Rate Review

Rate Review

NEPR-AP-2023-0003

Response: RFI-LUMA-AP-2023-0003-20240605-PREB-LUMA-02-03

SUBJECT

Time to Prepare Trial Balance (monthly).

REQUEST

How long after month-end does it take LUMA to prepare the trial balance for that month?

RESPONSES

The trial balance report is one of the last steps in LUMA's closing process. It is typically available two to three weeks after the end of each month.

Rate Review

Rate Review

NEPR-AP-2023-0003

Response: RFI-LUMA-AP-2023-0003-20240605-PREB-LUMA-02-04

SUBJECT

Time to Prepare Trial Balance (quarterly).

REQUEST

How long after quarter-end does it take LUMA to prepare the trial balance for that quarter?

RESPONSES

The trial balance report is one of the last steps in LUMA's closing process. It is typically available two to three weeks after the end of the quarter.

Rate Review

Rate Review

NEPR-AP-2023-0003

Response: RFI-LUMA-AP-2023-0003-20240605-PREB-LUMA-02-05

SUBJECT

Detailed Trial Balances

REQUEST

If the answer to either requests 1 or 2 is "yes" provide detailed trial balances for each of the following periods:

- a. Period ending 6/30/2023
- b. Period ending 12/31/2023
- c. As soon as it is available, for the period ending 3/31/2024

RESPONSES

The trial balances are attached as Annexes 1 through 3 to this Exhibit:

- Annex 1: Trial Balance as of 6/30/2023
- Annex 2: Trial Balance as of 12/31/2023
- Annex 3: Trial Balance as of 3/31/2024