

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

NEPR

Received:

Jun 24, 2024

10:03 PM

IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

**MOTION TO SUBMIT THE APRIL 2024 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, LUMA¹ 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's ("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

¹ 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 April 2024 B2A Report.

WHEREFORE, PREPA respectfully requests the Energy Bureau to take **NOTICE** of the information provided for April 2024 and find PREPA in compliance with the reporting requirements of the June 25 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 24th day of June 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>. We also certify that a true and exact copy of

this document was notified to the following parties through attorneys of record: Genera PR LLC through Jorge Fernández Reboredo, jfr@sbgblaw.com; Alejandro López Rodríguez, alopez@sbgblaw.com; and LUMA Energy LLC and LUMA Energy ServCo, LLC through Margarita Mercado Echegaray, margarita.mercado@us.dlapiper.com; Julian Anglada Pagán, julian.angladapagan@us.dlapiper.com.

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Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date 6/15/24



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Puerto Rico Electric Power Authority
B2A Summary
FISCAL YEAR 2024
As Of: 6/15/24

FY24 Monthly B2A Summary

(\$ millions)

Summary

A. Expenses

HoldCo:

HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.578	\$ 0.222	27.8%	\$ 7.998	\$ 7.094	\$ 0.905	11.3%
HoldCo Non-Labor / Other Operating Expenses	6.661	6.459	0.202	3.0%	99.016	95.507	3.508	3.5%
Shared Services Agreement	0.166	0.545	(0.379)	(228.1%)	1.661	2.929	(1.269)	(76.4%)
Temporary PREPA ERS Contribution	22.170	22.170	-	0.0%	93.419	93.419	-	0.0%
Maintenance Projects Expenses	0.054	0.033	0.021	39.5%	0.538	0.060	0.477	88.8%
Total HoldCo Operating Expenses	\$ 29.851	\$ 29.784	\$ 0.067	0.2%	\$ 202.631	\$ 199.009	\$ 3.622	1.8%

HydroCo:

HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.276	\$ 0.091	24.8%	\$ 3.665	\$ 3.413	\$ 0.252	6.9%
HydroCo Non-Labor / Other Operating Expenses	0.466	0.104	0.363	77.8%	4.663	5.992	(1.330)	(28.5%)
Shared Services Agreement	0.098	0.362	(0.263)	(267.6%)	0.984	1.884	(0.900)	(91.5%)
Maintenance Projects Expenses	0.206	0.056	0.150	72.9%	2.059	0.157	1.902	92.4%
Total HydroCo Operating Expenses	\$ 1.137	\$ 0.797	\$ 0.340	29.9%	\$ 11.371	\$ 11.447	\$ (0.076)	(0.7%)
Total HoldCo & HydroCo Expenses	\$ 30.988	\$ 30.581	\$ 0.407	1.3%	\$ 214.002	\$ 210.457	\$ 3.545	1.7%

Other Expenses:

PREPA Voluntary Transition Program	\$ -	\$ -	\$ -		\$ 14.774	\$ 14.774	\$ 0.000	0.0%
Emergency PREPA Employee Retirement System Contribution	-	-	-		142.713	142.713	-	0.0%
Total Other Expenses	\$ -	\$ -	\$ -		\$ 157.487	\$ 157.487	\$ 0.000	0.0%

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 March 15, 2024.

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. These 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: 6/15/24

FY24 Monthly Expenses

(\$ millions)

Expenses

A. HoldCo - Operations Expenses

Labor

	Apr-24 Budget	Apr-24 Actual	Apr-24 Variance (\$)	Apr-24 Variance (%)
1 Salaries & Wages	0.542	0.475	0.067	12.4%
2 Pension & Benefits	0.224	0.097	0.127	56.7%
3 Overtime Pay	0.030	0.006	0.024	80.7%
4 Overtime Benefits	0.004	0.000	0.004	99.8%
Total HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.578	0.222	27.8%

Non-Labor / Other Operating Expenses

5 Materials & Supplies	0.002	0.002	(0.000)	(1.8%)
6 Transportation, Per Diem, and Mileage	0.002	0.006	(0.003)	(154.5%)
7 Retiree Medical Benefits	0.663	0.546	0.117	17.6%
8 Security	0.066	0.072	(0.006)	(8.5%)
9 Utilities & Rents	0.006	0.004	0.001	24.7%
10 Legal Services	0.307	0.333	(0.026)	(8.5%)
11 Litigation Claims Settlement	-	-	-	n.a.
12 Communications Expenses	0.001	-	0.001	100.0%
13 Professional & Technical Outsourced Services	0.179	0.097	0.082	45.9%
14 Regulation and Environmental Inspection	0.133	0.113	0.020	14.9%
15 External Audit Services	-	-	-	n.a.
16 Equipment, Inspections, Repairs and Others	0.056	0.038	0.017	31.3%
17 Temporary Generation Acquisition Cost-Share	-	-	-	n.a.
18 PREPA Restructuring & Title III	2.513	2.513	-	0.0%
19 FOMB Advisor Costs allocated to PREPA	2.735	2.735	-	0.0%
Total HoldCo Non-Labor / Other Operating Expenses	\$ 6.661	\$ 6.459	0.202	3.0%

20 Shared Services Agreement HoldCo	0.166	0.545	(0.379)	(228.1%)
21 Temporary PREPA ERS Contribution	22.170	22.170	-	0.0%
22 Maintenance Projects Expenses HoldCo	0.054	0.033	0.021	39.5%
Total HoldCo Operating Expenses	\$ 29.851	\$ 29.784	\$ 0.067	0.2%

B. HydroCo - Operations & Maintenance Expenses

Labor

23 Salaries & Wages	0.212	0.205	0.007	3.4%
24 Pension & Benefits	0.128	0.041	0.086	67.7%
25 Overtime Pay	0.024	0.030	(0.006)	(23.9%)
26 Overtime Benefits	0.003	-	0.003	100.0%
Total HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.276	0.091	24.8%

Non-Labor / Other Operating Expenses

27 Materials & Supplies	0.060	0.061	(0.001)	(1.4%)
28 Transportation, Per Diem, and Mileage	0.022	0.017	0.006	25.3%
29 Security	0.143	0.181	(0.039)	(27.2%)
30 Utilities & Rents	0.007	-	0.007	100.0%
31 Professional & Technical Outsourced Services	0.016	-	0.016	100.0%
32 Regulation and Environmental Inspection	0.061	0.113	(0.052)	(85.2%)
33 Equipment, Inspections, Repairs and Others	0.158	(0.269)	0.426	270.3%
Total HoldCo Non-Labor / Other Operating Expenses	\$ 0.466	\$ 0.104	\$ 0	77.8%

34 Shared Services Agreement HydroCo	0.098	0.362	(0.263)	(267.6%)
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35 Maintenance Projects Expenses HydroCo	0.206	0.056	0.150	72.9%
Total HydroCo Operating & Maintenance Expenses	\$ 1.137	\$ 0.797	0.340	29.9%

Total HoldCo & HydroCo Operating & Maintenance Expenses

\$ 30.988	\$ 30.581	\$ 0.407	1.3%
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YTD			
YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)

5.418	5.385	0.033	0.6%
2.243	1.229	1.015	45.2%
0.301	0.432	(0.132)	(43.7%)
0.036	0.048	(0.012)	(33.5%)
\$ 7.998	\$ 7.094	\$ 0.905	11.3%

0.024	0.052	(0.027)	(113.5%)
0.022	0.197	(0.175)	(808.6%)
6.625	6.271	0.354	5.3%
0.664	0.784	(0.119)	(18.0%)
0.055	0.158	(0.103)	(187.2%)
3.073	2.249	0.824	26.8%
0.635	-	0.635	100.0%
0.005	-	0.005	100.0%
1.788	0.628	1.160	64.9%
1.326	0.456	0.869	65.6%
1.108	0.454	0.654	59.0%
0.555	1.123	(0.568)	(102.4%)
30.660	30.660	-	0.0%
25.125	25.125	-	0.0%
27.351	27.351	-	0.0%

\$ 99.016	\$ 95.507	\$ 3.508	3.5%
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1.661	2.929	(1.269)	(76.4%)
93.419	93.419	-	0.0%
0.538	0.060	0.477	88.8%
\$ 202.631	\$ 199.009	\$ 3.622	1.8%

2.119	2.351	(0.232)	(11.0%)
1.277	0.556	0.721	56.5%
0.240	0.480	(0.240)	(100.1%)
0.029	0.026	0.003	11.1%
\$ 3.665	\$ 3.413	\$ 0.252	6.9%

0.603	2.064	(1.460)	(242.1%)
0.224	0.267	(0.043)	(19.0%)
1.427	1.801	(0.374)	(26.2%)
0.067	0.001	0.066	98.3%
0.156	0.236	(0.081)	(51.7%)
0.609	0.157	0.452	285.3%
1.577	1.172	0.405	34.4%

\$ 4.663	\$ 5.992	\$ (1.330)	(28.5%)
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0.984	1.884	(0.900)	(91.5%)
2.059	0.157	1.902	92.4%
\$ 11.371	\$ 11.447	\$ (0.076)	(0.7%)

\$ 214.002	\$ 210.457	\$ 3.545	1.7%
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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: 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. These are mainly 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 4: HoldCo Restructuring & Title III and FOMB Advisors Cost are equal to budget for April to accrue for monthly expenses. PREPA is currently reconciling invoices related to Title III costs. PREPA is discussing FOMB Advisors Costs with the Oversight Board.

Puerto Rico Electric Power Authority
Monthly VTP & ERS Expenses
FISCAL YEAR 2024
As of: 6/15/24

FY24 VTP & ERS Expenses																																												
		July-23				August-23				September-23				October-23				November-23				December-23				January-24				February-24				March-24				April-24						
		Jul-23 Budget	Jul-23 Actual	Jul-23 Variance (\$)	Jul-23 Variance (%)	Aug-23 Budget	Aug-23 Actual	Aug-23 Variance (\$)	Aug-23 Variance (%)	Sep-23 Budget	Sep-23 Actual	Sep-23 Variance (\$)	Sep-23 Variance (%)	Oct-23 Budget	Oct-23 Actual	Oct-23 Variance (\$)	Oct-23 Variance (%)	Nov-23 Budget	Nov-23 Actual	Nov-23 Variance (\$)	Nov-23 Variance (%)	Dec-23 Budget	Dec-23 Actual	Dec-23 Variance (\$)	Dec-23 Variance (%)	Jan-24 Budget	Jan-24 Actual	Jan-24 Variance (\$)	Jan-24 Variance (%)	Feb-24 Budget	Feb-24 Actual	Feb-24 Variance (\$)	Feb-24 Variance (%)	Mar-24 Budget	Mar-24 Actual	Mar-24 Variance (\$)	Mar-24 Variance (%)	Apr-24 Budget	Apr-24 Actual	Apr-24 Variance (\$)	Apr-24 Variance (%)			
40	Voluntary Transition Program (VTP)	14.735	14.735	0.000	0.0%	0.039	0.039	0	0.0%				n.a.				n.a.				n.a.				n.a.				n.a.				n.a.				n.a.				n.a.			
41	Employee Retirement System Contribution (ERS)	24.642	24.642	0.000	0.0%	24.671	24.671	0	0.0%	23.677	23.677	0	0.0%	21.907	21.907	0	0.0%	10.001	10.005	0	0.0%	10.011	10.011	0	0.0%				n.a.				n.a.				n.a.				n.a.			
	Total VTP & ERS Expenses	\$ 37.177	\$ 37.177	\$ 0.000	0.0%	\$ 24.710	\$ 24.710	\$ 0.000	0.0%	\$ 23.677	\$ 23.677	\$ 0	0.0%	\$ 21.907	\$ 21.907	\$ 0	0.0%	\$ 10.005	\$ 10.005	\$ 0	0.0%	\$ 20.011	\$ 20.011	\$ 0	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: Preliminary / unaudited financial information - subject to material change.
Note 2: On September 11, 2023, PREPA submitted a request of reappropriation 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 by 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
6/15/24

Variance # 1**FOMB Category: HydroCo Equipment, Inspections, Repairs and Others HydroCo****Account: Equipment, Inspections, Repairs and Others HydroCo**

Expenses	Budget April	Actual April	Variance(\$)	Variance (%)
Equipment, Inspections, Repairs and Others HydroCo	\$ 0.158	\$ (0.269)	\$ 0.426	270.32%

Variance Explanation

- a. Due to the Genera transaction, many of the line items in PREPA's YTD B2A include Genera expenses that Genera has entered into PREPA's legacy cost centers. The identification and reversal of these entries has taken longer than expected and is continuing to be reflected in recent Budget to Actual reports. PREPA identified that Genera has included a total \$555,231.66 in corrective entries in the Equipment, Inspections, Repairs and Others line item for the April period.
- b. PREPA has identified a total of \$491,366.50 in expenses that are related to FY2023 invoices. PREPA is in the processes of an account reconciliation where only the invoices related to FY 2024 are accrued in each line item. Due to limitations in the system, PREPA is waiting for Genera to provide the corresponding invoices.

Root Cause

- a. Corrective entries related to Genera utilizing PREPA's legacy cost centers.
- b. PREPA is waiting for Genera to provide invoices related to FY2023 invoices that were improperly included in this line item.

Corrective Action

- a. PREPA discontinued its legacy cost centers as of November 1, 2023. However, due delays the revised net effect of various corrections may take longer than expected and may be reflected in the upcoming Budget to Actual reports. PREPA will continue to monitor accounts closely to resolve any issues.
- b. Once PREPA receives the invoices from Genera, PREPA can finish the account reconciliation process.

Puerto Rico Electric Power Authority
Variance Detail
FISCAL YEAR 2024
6/15/24

Variance # 2**FOMB Category: HoldCo Shared Services Agreement HoldCo****Account: Shared Services Agreement HoldCo**

Expenses	Budget April	Actual April	Variance(\$)	Variance (%)
Shared Services Agreement HoldCo	\$ 0.166	\$ 0.545	\$ (0.379)	-228.12%

Variance Explanation

Shared Services were budgeted under the original Shared Services Agreement. As of January 2024, Shared Services transitioned to the extension agreement which is in place until September 2024. For April reporting, PREPA identified \$246,596.31 related to Shared Services True-Ups. This amount for April is in addition to the \$386,927 previously identified related to True-Ups for February and March. PREPA is coordinating with the LUMA accounting team to determine what is included in this True-Up amounts and if the April shared services amounts need to be revised.

Root Cause

Shared Services Extension Agreement effective as of January 1, 2024.

Corrective Action

PREPA expects that Shared Services will continue to show a variance in the upcoming B2A reports and will continue to monitor accounts closely to resolve any issues.

Puerto Rico Electric Power Authority
Pension and Benefits
FISCAL YEAR 2024
As Of: 6/15/24

	<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>
<u>HoldCo - Pension and Benefits</u>												
<i>Pension Benefits</i>	84,017	101,115	91,305	66,427	57,482	59,284	53,927	53,971	81,206	331,266		
<i>Loan Guaranties</i>	147	176	159	116	100	103	94	94	142	578		
<i>Work Comp Insurance</i>	9,143	11,004	9,936	7,229	6,255	6,452	5,869	5,873	8,837	36,050		
<i>Social Security</i>	15,075	18,146	16,385	11,921	10,315	10,639	9,678	9,685	14,573	59,448		
<i>Medicare</i>	3,529	4,250	3,838	2,792	2,416	2,492	2,267	2,268	3,413	13,923		
<i>Christmas Bonus</i>	3,323	4,003	3,615	2,630	2,276	2,347	2,135	2,137	3,215	13,114		
<i>Health Plan</i>	31,281	37,649	33,997	24,733	21,403	22,074	20,079	20,096	30,236	123,344		
Total	146,516	176,342	159,235	115,848	100,247	103,390	94,048	94,125	141,623	577,723	-	-
<u>HydroCo - Pension and Benefits</u>												
<i>Pension Benefits</i>	39,535	25,571	45,144	37,133	28,751	35,550	23,739	23,581	36,062	158,043		
<i>Loan Guaranties</i>	69	45	79	65	50	62	41	41	63	276		
<i>Work Comp Insurance</i>	4,302	2,783	4,913	4,041	3,129	3,869	2,583	2,566	3,924	17,199		
<i>Social Security</i>	7,095	4,589	8,101	6,664	5,160	6,380	4,260	4,232	6,472	28,362		
<i>Medicare</i>	1,662	1,075	1,897	1,561	1,208	1,494	998	991	1,516	6,643		
<i>Christmas Bonus</i>	1,565	1,012	1,787	1,470	1,138	1,407	940	934	1,428	6,257		
<i>Health Plan - Regular</i>	14,721	9,521	16,809	13,826	10,705	13,237	8,839	8,780	13,427	58,846		
Total	68,949	44,596	78,730	64,759	50,141	61,999	41,400	41,125	62,891	275,625	-	-

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

[illegible]

