

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

NEPR

Received:

Jun 21, 2024

7:57 AM

IN RE: REVIEW OF LUMA’S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

**SUBJECT: LUMA’s Presentation for June 21st
Technical Conference**

MOTION SUBMITTING PRESENTATION FOR JUNE 21ST TECHNICAL CONFERENCE

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 **Genera PR, LLC** (“Genera”), through their respective counsels, and respectfully state and submit the following:

1. On May 24, 2024, LUMA submitted to the Puerto Rico Energy Bureau (“Energy Bureau”), the proposed budget for the Transmission and Distribution System (“T&D Budgets”), developed by LUMA. *See Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY2025 and Budget Allocations for the Electric Power System*, filed by LUMA (“FY2025 Budget Submission”). The FY2025 Budget Submission also included the budget proposal for the legacy thermal generation units (the “GenCo Budget”), developed by Genera, and the budget allocation approved by the Puerto Rico Public-Private Partnerships Authority (“P3A”) for the hydroelectric generating units and the public irrigation facilities (“HydroCo Budget”), and the allocation for the Puerto Rico Electric Power Authority (“PREPA”) and its subsidiaries (“HoldCo Budget”).

2. On June 12, 2024, this Energy Bureau issued a Resolution and Order with the subject *Establishment of FY 2025 Budgets, Requirement of Information ("RoI"), and Procedural*

Calendar (“June 12th Order”), whereby it set a Procedural Calendar to consider the FY2025 Budget Submission.

3. In the June 12th Order, this Energy Bureau issued Requests for Information (“June 12th RFIs”) to LUMA and Genera and set a procedural calendar pursuant to which the parties were convened to a Technical Conference to be held on June 20, 2024 (“June 20th Technical Conference”). *See* June 12th Order, p. 3-4, and Attachment A. This Energy Bureau directed that responses to the June 12th RFIs were due on June 17, 2024. *See id.*, p. 4. In the June 12th Order, this Energy Bureau also granted the parties three (3) business days, until June 17, 2024, to submit the work papers that support the proposed T&D Budgets, and until June 18th to submit their presentations for the June 20th Technical Conference. *See id.*, p. 3.

4. On June 15, 2024, LUMA filed an *Informative Motion on LUMA’s Workpapers and Urgent Request for Extension*. Therein, LUMA informed that it had submitted all supporting work papers with the FY2025 Budget Submission. Regarding the June 12th RFIs, LUMA requested additional time, until June 19, 2024, to submit its responses.

5. On June 18, 2024, LUMA and Genera filed a joint motion requesting that the Energy Bureau reschedule the June 20th Technical Conference and to extend the time to file the presentations for the Technical Conference. *See Joint Request for Continuance of Technical Conference and to Extend Time to File Presentations for the Technical Conference*.

6. In a Resolution and Order dated June 18, 2024, this Energy Bureau re-scheduled the Technical Conference to discuss the FY2025 Budget Submission for June 21, 2024, granted LUMA and Genera until June 19th to file their responses to the June 12th RFIs, and determined that the parties shall file their presentations on June 21st (“June 18th Order”).

7. In compliance with the June 12th Order, as modified by the June 18th Order, LUMA submitted its responses to the RFIs issued to LUMA as a part of Attachment A to the June 12th Order. *See Motion Submitting Responses to Requests for Information in Connection with FY2025 2025 T&D Budgets and Request for Confidential Treatment.*

8. In further compliance with the June 12th Order, as modified by the June 18th Order, LUMA is hereby submitting its presentation for the June 21st Technical Conference. *See Exhibit 1.*

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the above, **accept** the presentation filed herewith, and **deem** that LUMA complied with that portion of the June 12th Order, as modified by the June 18th Order, that required LUMA to submit a presentation for the June 21st Technical Conference.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 21st day of June, 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 and Alexis G. Rivera Medina, arivera@gmlex.net and to Genera PR LLC through: Jorge Fernandez-Reboredo, jfr@sbglaw.com, Alejandro López Rodríguez, alopez@sbglaw.com, and regulatory@genera-pr.com.



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Exhibit 1



FY2025 Annual Budgets Technical Conference

NEPR-MI-2021-0004

June 21, 2024





Agenda

- Summary & Scope
- O&M Budget Review
- Capital Budget Review

Summary



Key Outcomes for the People of Puerto Rico

Prioritize Safety

- Investing significantly to prioritize safety, directly impacting the safety of employees and the people of Puerto Rico

Improve Customer Satisfaction

- Customers will continue to receive an improved customer experience and increased service reliability

System Rebuild and Resiliency

- To remain focused on rebuilding and transforming the T&D System to improve its resiliency, LUMA will be facilitating the deployment of significant federal funding

Operational Excellence

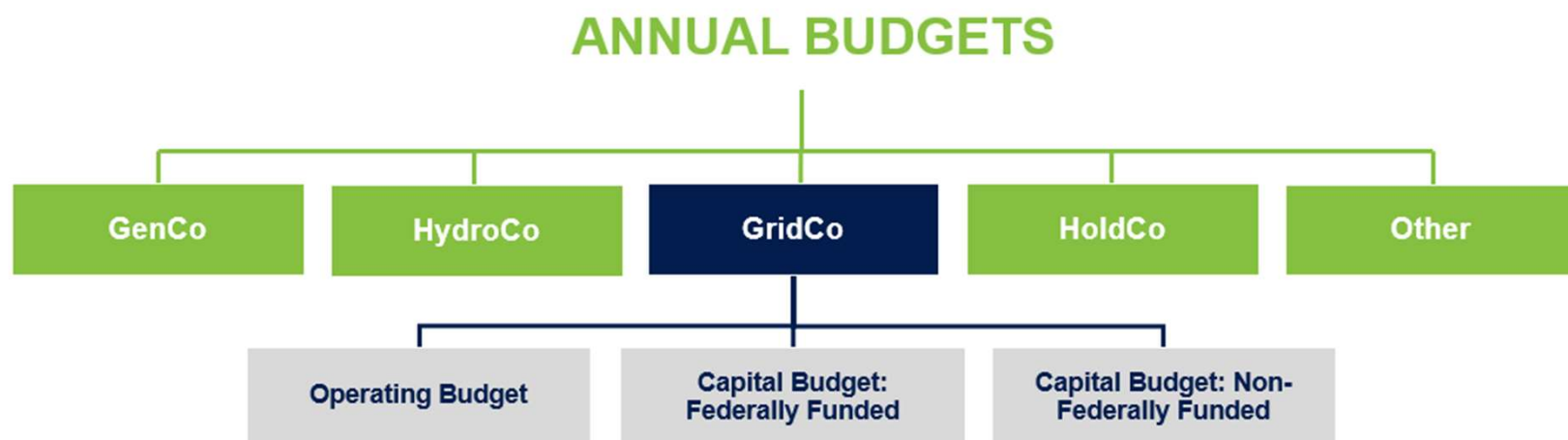
- Driving for operational excellence through systematic approaches to management, project delivery and business operations, as well as providing customers with an increased understanding of electric utility operations

Sustainable Energy Transformation

- Laying the groundwork, as well as incorporating solutions, for grid modernization, digital transformation, and renewable energy



Annual Budget Scope



LUMA Key Activities

Operating

Improvement
Initiatives
(including SRP)

Day to Day
Operating
Activities

- LUMA Departments
 - Customer Experience
 - Operations
 - Utility Transformation
 - Support Services

Capital

CAPITAL BUDGET — FEDERALLY FUNDED
Federally Funded Programs

CAPITAL BUDGET — NON-FEDERALLY FUNDED
Ratepayer-Funded Programs

SYSTEM
REMEDIA
TION
PLAN

PERFORMANCE
METRICS

*Area of boxes not indicative of budget amount

- Portfolios
 - Customer Experience
 - Distribution
 - Transmission
 - Substation
 - Control Center and Buildings
 - Enabling
 - Support Services



Consolidated System Budget

Summary

OpEx

CapEx

\$, millions	FY2025 P3A Approved Budget Allocation	FY2025 Budgets as filed by LUMA, Genera & PREPA	Variance ¹
Transmission & Distribution			
GridCo Operating Expenditures	568,320	568,320	-
GridCo Non-Federally Funded Capital Expenditures	123,685	123,685	-
Transmission & Distribution Total²	692,005	692,005	-
T&D Federally Funded Capital Expenditures	1,207,157	1,207,157	-
Generation			
GenCo Operating and Capital Expenditures	312,215	319,243	(7,028)
HydroCo Operating and Capital Expenditures	14,527	26,175	(11,648)
Generation Total	326,742	345,418	(18,676)
HoldCo Operating and Capital Expenditures	33,038	54,134	(21,096)
Other			
LUMA Fee	134,736	134,736	-
Genera PR Fee	24,325	24,325	-
Bad Debts	59,529	59,529	-
Bankruptcy and Advisor Costs	56,418	56,418	-
Other Total	275,008	275,008	-
Total Non-Federally Funded T&D and Generation Expenditures	1,326,793	1,366,565	(39,772)

Note:

¹ Variance reflects the difference between P3A budget allocation and the budgets filed by the different entities.

² T&D Expenditures include a 2% reserve for excess expenditures, but T&D Operating Expenditures do not include Shared Services for GenCo, HydroCo, or HoldCo.



OpEx Budget



Annual Budget Basis & Assumptions

- Estimates based on a bottom-up exercise, using an activity-based budgeting approach
- Annual Budgets are consistent with methodologies used in recent fiscal plans
- FY2025 budget base assumptions include:
 - Salary & Wages: Current LUMA employee salaries were preloaded from our HR Systems; and then used to project labor requirements
 - LUMA has informed its estimates based on LUMA's operations and learnings, while using our subject matter expertise and market estimates built on existing contracts
- The Annual Budgets are completed and informed based on a particular point in time; as such, they cannot reasonably contemplate further information that may arise in the future, or if additional requirements are determined which are not already contemplated

FY2025 T&D Operating Budget

\$, millions	Budget FY2025
Labor	
Salaries, Wages and Benefits	268,755
Total Labor	268,755
Non-Labor	
Materials & Supplies	30,927
Transportation, Per Diem, and Mileage	15,800
Property & Casualty Insurance	22,671
Security	7,982
IT Service Agreements	29,509
Utilities & Rents	9,604
Legal Services	9,577
Communications Expenses	1,435
Professional & Technical Outsourced Services	100,131
Vegetation Management	50,000
Other Miscellaneous Expenses	10,786
Total Non-Labor / Other Operating Expense	288,422
Subtotal Labor and Non-Labor/Other Operating Expenses	557,177
2% Reserve Excess Expenditures	11,144
Total Operating Expense	\$568,321



Improvement Programs: Capital Budget



Total Capital Expenditures

(\$, millions)

Portfolios	Federal Funded	Non-Federal Funded	FY2025 Capital Budget
Customer Service	351,551	25,161	376,711
Distribution	273,922	35,437	309,358
Transmission	113,792	5,863	119,655
Substations	118,960	19,770	138,730
Control Center & Buildings	28,923	3,536	32,459
Enabling	278,590	22,658	301,248
Support Services	17,750	8,836	26,586
Subtotal	1,183,487	121,259	1,304,747
2% Reserve for Excess Expenditures	23,670	2,425	26,095
Total Capital Expenditures	1,207,157	123,685	1,330,842
Total Amount of CapEx to be Funded by Federal Cost Share ¹	120,716	-	120,716

Notes:

¹ Line item has been included as per the February 27, 2023, Order from the Energy Bureau. This amount reflects the total funding to be provided by the Commonwealth of Puerto Rico and does not reflect additional costs on top of LUMA's Federally Funded Capital Expenditures.



Thank You

