

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

**NEPR**

**Received:**

**Jan 17, 2025**

**4:45 PM**

**IN RE: PUERTO RICO ELECTRIC  
POWER AUTHORITY RATE  
REVIEW**

**CASE NO.: NEPR-AP-2023-0003**

**SUBJECT: Independent Consumer  
Protection Office Recommendations  
about an Optimal Budget and Alternative  
Budgets.**

**INDEPENDENT CONSUMER PROTECTION OFFICE'S  
RECOMMENDATIONS ABOUT AN OPTIMAL  
BUDGET AND ALTERNATIVE BUDGETS**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

**COMES NOW**, the Independent Consumer Protection Office (hereinafter, "ICPO"), through the undersigned attorneys, and very respectfully **STATES** and **PRAYS**:

1. On January 10, 2025, the consultants of the Energy Bureau of the Regulatory Board of Public Service (hereinafter, the Bureau) submitted to the parties a request to address some questions arising from the Technical Conference held on that same day.
2. In compliance with this request, we proceed to submit our answers limited to the optimal budget and alternative budget proposals.

**RECOMMENDATIONS**

**Optimal budget and alternative budgets. How to handle?**

1. The option described in part I.A.2 of the January 3 document: optimal budget plus three alternative budgets reflecting 25%, 50%, and 75% of the rate increase caused by the optimal budget - with explanations for the latter three budgets of the specific reductions from the optimal budget, and the consequences of those reductions.

**ICPO's response:**

An optimal Budget plus three alternative budgets reflecting 25%, 50%, and 75% of the rate increase caused by the optimal budget is the best option. Considering that the proposed budgets will reflect all actions and all associated costs that each entity deems necessary to provide the service that Puerto Rico deserves, we concur with this Bureau that, certainly, these new budgets might produce base rates higher than what citizens are willing to pay. Therefore, it is convenient for all parties in the process to establish alternative budgets in advance, as established in this proposal.

PREPA, LUMA and Genera, as proposing parties, are the ones who know first-hand the information regarding their expenses and the financial needs of their entity. Likewise, they are the ones who must establish their operational priorities and who could make the adjustments they deem necessary. Due to the aforementioned, the proponents are in a better position to design their respective budgets compared to the average citizen, who has the right to participate in this process.

We cannot lose perspective that the *Puerto Rico Energy and RELIEF Act*, Act 57-2014, as amended, states that during any rate review process, the applicant electric service company will have the burden of proof to demonstrate that the proposed electric rate is fair and reasonable, consistent with sound fiscal and operational practices that provide safe and adequate service, at the lowest cost reasonable.<sup>1</sup>

Precisely, due to the expertise that each of these entities has in relation to their operations, we understand that it is convenient for the proponents themselves to provide alternative budgets that allow them to establish what their priorities will be or what adjustments they will make without the need for them to be imposed by this Bureau. This way, the Bureau will ensure that it has all the necessary information in order to establish a rate that is fair and reasonable for consumers.

2. Optimal budget plus one alternative, at 50% of the increase associated with the optimal budget- with explanations of the reductions and consequences. The submitter could update the alternative budget for each of the second (FY27) and third (FY28) year.

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<sup>1</sup> See, *Puerto Rico Energy Transformation and RELIEF Act*, Act 57-2014, as amended, Section 6.25 (b).

3. Optimal budget plus one alternative- that one alternative being a budget and revenue requirement based on the rate increase that the submitter deems appropriate. The alternative would explain the reductions from the optimal budget and the reductions. The submitter could update the alternative budget for each of the second (FY27) and (FY28) year.
4. Optimal budget only.
5. Other options- for purposes of giving the Bureau sufficient information to make conscientious, fully informed tradeoffs between rate levels and service quality.

**WHEREFORE**, the ICPO respectfully requests that this Honorable Bureau take notice of the answers herein provided.

**RESPECTFULLY** submitted today, January 17, 2025.

**WE HEREBY CERTIFY** that on this date copy of this motion has been electronically filed with the Clerk of the Puerto Rico Energy Bureau and also certify that we have emailed copy of this motion to the following email addresses:

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