

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

IN RE: LUMA INITIAL BUDGET AND
RELATED TERMS OF SERVICE

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Determination on Genera's
Budget Reapportionment Request filed
February 1, 2025.

RESOLUTION AND ORDER

I. Background

On May 25, 2024, LUMA filed a document titled *Request for Approval of T&D Budgets and Submission of GenCo Budgets for FY 2025 and Budget Allocations for the Electric Power System* ("May 25 Motion"), through which LUMA submitted for approval the Transmission & Distribution Budgets. LUMA stated that its workpapers would be separately submitted under seal of confidentiality. LUMA also provided, with no representations, the GenCo Budgets. LUMA advised that as of the filing date, PREPA had not concluded its budget approval process for HydroCo or HoldCo, and therefore, LUMA's filing did not have the HydroCo or HoldCo budgets.

On June 26, 2024, the Energy Bureau issued a Resolution and Order, through which the Energy Bureau modified and approved as modified the budgets submitted by LUMA in the May 25 Motion subject to certain reporting requirements.

On August 23, 2024, Genera filed a document titled, *Motion to Request Reapportionment of GenCo's FY 2025 Necessary Maintenance Budget*, through which, Genera requested authorization to reapportion its approved Necessary Maintenance Expense ("NME") Budget.

On October 28, 2024, the Energy Bureau issued a Resolution and Order, through which, the Energy Bureau approved the proposed NME budget modifications identified in Appendix A of said resolution.

On February 13, 2025, Genera filed a document titled *Motion to Request Amendment to the FY2025 Genco Operating Budget*, ("February 13 Motion"), through which Genera requested approval to reallocate \$12 MM from four lines in its approved FY 2025 budget and reallocation of those funds to two other budget lines. Genera requests Energy Bureau approval for the following reallocations:

1. Reallocation of \$1.7 MM from Legal Services to Materials & Supplies and Generation Maintenance Reserve Fund.¹ Genera asserts that the funds are available from the Legal Services budget line because actual legal costs have been lower than expected as a result of its effective management and successful maximization of federal funding.
2. Reallocation of \$1.813 MM from Professional & Outsourced Services to Materials & Supplies and Generation Maintenance Reserve Funds.² Genera asserts that the funds are available from the Professional & Outsourced Services budget line because it deferred certain software and system implementation contracts as a result of delays in system separation and continued reliance on Shared Services.

¹ February 13 Motion, p. 4.

² *Ild.*



3. Reallocation of \$1.5 MM from Regulation & Environmental Services to Materials & Supplies and Generation Maintenance Reserve Fund.³ Genera asserts that the funds are available from the Regulation & Environmental Services budget line because improved management of contracted services and a reduction in environmental penalties have led to lower than budgeted expenditures.
4. Reallocation of \$6.987 MM from NME.⁴

Genera explains its proposal to reallocate the funds to the following budget lines:

1. Reallocation of \$10.0 MM to Materials & Supplies. Genera asserts that this reallocation is necessary due to higher than anticipated consumption of supplies such as hydrogen, oil, lubricants, sodium hydroxide, ammonia, and other essential materials for the additional units it has in service for FY 2025, including Aguirre 1 and Costa Sur 5.⁵

Reallocation of \$2.0 MM to the Generation Maintenance Reserve Fund. Genera asserts that this reallocation is necessary because it is experiencing a slight increase in actual maintenance expenditures compared to FY 2024 with a reduced budget allocation for FY 2025.⁶

On February 24, 2025, the Energy Bureau issued a Resolution and Order ("February 24 Order"), ordering Genera to identify, quantify, explain and support the reduction in approved level of funding for each NME project that would be affected by the proposed reallocation request.

On March 12, 2025, Genera filed a document titled Motion to submit Response to Resolution and Order dated February 26, 2025, in which Genera complied with the February 24 Order detailing each project impact such as Costa Sur Water Treatment System Repairs, LTSA Units 5&6, Purchase of Cambalache Turbo Compressor Materials, among others.

Conclusion

Upon a thorough review of the detailed responses presented by Genera the Energy Bureau APPROVES the budget reallocation requests made by Genera in the February 13 Motion.

Be it notified and published.




³ February 13 Motion, p. 4.


⁴ *Id.* at p. 3. Genera does not provide further explanation or supporting justification for reallocation of these funds from NME.

⁵ *Id.* at pp. 3 – 4.


⁶ *Id.* at p. 3.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner




Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on April 17, 2025. Also certify that on April 17, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to regulatorypreborders@lumapr.com; margarita.mercado@us.dlapiper.com; yahaira.delarosa@us.dlapiper.com; mvalle@gmlex.net; arivera@gmlex.net; alopez@sbgblaw.com; jfr@sbgblaw.com; hrivera@jrsp.pr.gov; legal@genera-pr.com; regulatory@genera-pr.com

I sign in San Juan, Puerto Rico, today, April 17, 2025



Wanda I. Cordero Morales
Interim Clerk

