

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

NEPR

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IN RE:

TEMPORARY REVIEW OF PERMANENT
RATES OF THE ELECTRIC POWER
AUTHORITY

CASE NO.:

SUBJECT: Motion Submitting Temporary
Rate Adjustment Petition

**MOTION SUBMITTING TEMPORARY RATE ADJUSTMENT PETITION
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:

I. Introduction

The current base rate, which this Puerto Rico Energy Bureau (“Energy Bureau”) established for the Puerto Rico Electric Power Authority (“PREPA”) in 2017 and has remained unchanged since then, does not cover the current costs to operate the Transmission and Distribution System (“T&D System”) nor the critical, urgent and high priority investments needed to address the system’s fragile state. The T&D Budgets for Fiscal Years 2024 and 2025 were balanced through contributions from external sources that, as of the date of this filing, are not available. Inflation has resulted in the extended underfunding of the needs of the utility.

To address the funding deficit that LUMA would experience in FY2026 because current rates are insufficient to meet immediate and critical costs, LUMA proposes implementing temporary rates to be in place from June 1, 2025, and remain in effect for a period of 180 days or the date on which provisional rates, if approved by the Energy Bureau, become effective. Absent additional funding from the Commonwealth of Puerto Rico or other sources, including any funding

that may be made available by the United States Department of Energy, the temporary revenue requirement proposed herein is representative of critical and high priority funding requirements that must be available at the start of FY2026 (which begins on July 1, 2025).

Through this petition, LUMA requests the Energy Bureau approve energy rates that enable the recovery of \$352 million (annualized) in incremental funding to address critical operational needs in FY2026.¹ *See Exhibits 2.01 and 2.02.* The temporary revenue requirement is incremental to the Fiscal Year 2025 Approved Budget (covering the Fiscal Year from July 1, 2024, through June 30, 2025) adjusted for inflation, and also includes \$30 million to replenish the Outage Event Reserve Account as required by Section 7.5(d) of the T&D OMA. It is representative of the amount required to continue throughout Fiscal Year 2026 period (which begins on July 1, 2025, and extends until June 30, 2026) to address critical and immediate reliability and safety issues and avoid worsening system reliability, and also investments that are necessary to avoid a larger incremental cost in the future.

In *Exhibit 2.01* and the supporting testimonies of Mr. Alejandro Figueroa-Ramírez, LUMA’s Chief Regulatory Office (“Mr. Figueroa”), and Mr. Andrew Smith (“Mr. Smith”), LUMA’s Chief Financial Officer, *see Exhibits 1.0 and 2.0*, LUMA identifies and explains the funding needed to alleviate historic underinvestment and meet the needs of the T&D System, via a temporary rate adjustment pursuant to Section 6.25(d) of Act No. 57-2014, as amended, known as the *Puerto Rico Energy Transformation and RELIEF Act* (“Act 57-2014”).

LUMA’s submission includes a proposed FY2026 Budget and a temporary rate adjustment to raise sufficient revenues to fund the proposed FY2026 Budget. The submission also includes

¹ This amount can be reduced if LUMA receives other revenue allocation from the Government of Puerto Rico or other extrinsic sources. However, at this time, LUMA has no certainty if such revenues will be received or when they will be provided.

the components of a temporary rate and the period during which it would remain in place, including a temporary rate adjustment on a cents per kilowatt-hour basis. *See Exhibits 1.0-1.04.*

II. Procedural Background of the Parallel Proceeding to Review Permanent Rates

On June 30, 2024, the Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 “to initiate [this] adjudicative process to review PREPA’s rates” (the “June 30th Order”). *See* June 30th Order in Case No. NEPR-AP-2023-0003, p. 2. Through the June 30th Order, the Energy Bureau divided the rate review process into three (3) separate phases and ordered LUMA to file a report on or before October 4, 2023, containing its understanding of the filing requirements for the rate review process, based on Regulation 8720² and prior Energy Bureau orders.³ *See id.*, pp. 2-3.

On October 4, 2023, LUMA filed a *Motion in Compliance with June 30th Resolution and Order – Submission of Phase I Report* (“Phase I Report”) in Case No. NEPR-AP-2023-0003. On October 24, 2023, the Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 determining that LUMA’s Phase I Report complied with the June 30th Order (“October 24th Order”).⁴

² Known as the *New Regulation on Rate Filing Requirement for the Puerto Rico Electric Power Authority’s First-Rate Case* (“Regulation 8720”).

³ Phase I entailed an informal review of previously established filing requirements (including those established through Regulation 8720), that would apply to a rate order modification request filed in the instant proceeding, allocating responsibility for the various requirements across the relevant operating entities. Phase II entailed filing a rate order modification request based on the applicable filing requirements adopted by the Energy Bureau as a result of Phase I. Lastly, Phase III involved the “formal review of a complete rate filing [which] contain[ed] the items addressed in an interim matter in Phase II,” as well as the remaining filing requirements determined during Phase I to be deferred to Phase III. *See* June 30th Order, p. 4.

⁴ 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 requests for information.

Thereafter, on April 12, 2024, this Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 (“April 12th Order”) whereby it set aside Phase II and Phase III, including all deadlines and/or milestones established through the 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.” *See* April 12th Order in Case No. NEPR-AP-2023-0003, p. 3.

After nearly eight (8) months, on December 10, 2024, this Energy Bureau issued a new Resolution and Order in Case No. NEPR-AP-2023-0003 providing clarity regarding its expectations for and an update on the expected filing requirements for the rate review (“December 10th Order”). The Energy Bureau emphasized that any filing for new rates must comply with its established filing requirements, which were being finalized in collaboration with its consultants, and indicated its expectation to finalize such requirements by early February 2025.

On February 12, 2025, this Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 (“February 12th Order”), whereby it established “the filing requirements and procedures for the rate review of [PREPA].” *See* February 12th Order in Case No. NEPR-AP-2023-0003, p. 1. Through the February 12th Order, this Energy Bureau designated Mr. Scott Hempling as Hearing Examiner for this proceeding (“Hearing Examiner”), with authority limited to the following matters: i) resolving all discovery disputes between the parties; ii) establishing and modifying procedural schedules; iii) determining witness sequence and logistics for evidentiary hearings; iv) addressing any other procedural or logistical matters that arise during the proceeding; and v) issuing any procedural orders to facilitate the orderly conduct of the proceeding. *Id.*, p. 8.

Thereafter, on April 21, 2025, the Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 revising one aspect of the February 12th Order and establishing other

procedures while maintaining in full force and effect those provisions of the February 12th Order that were not modified (“April 21st Order”). The Energy Bureau explained that the rate case will consist of a single proceeding with two phases. Phase I will address revenue requirement and, to the extent possible, revenue allocation. Phase II will address rate design (including any revenue allocation issues not decided in Phase I). Each of the two phases will have its own filing requirements, application, pre-filed testimony, discovery, evidentiary hearing, and briefs. *See* April 21st Order, p. 1

Moreover, the April 21st Order stated that if and until the Energy Bureau authorizes provisional rates, LUMA, Genera, and PREPA shall continue to operate under the most recently approved budget. If and when the Energy Bureau authorizes provisional rates, those rates shall remain in effect, as permitted by Section 6A(e) of Act No. 83-1941, until the final order setting permanent rates is issued and goes into effect. *See* April 21st Order, p. 7.

Per the April 21st Order, as amended by an Order issued by the Hearing Examiner on April 25, 2025, the formal rate review filing is due July 3, 2025 at which time a request for provisional rates may be filed through an amendment to the FY2025 Budget to include high priority and non-controversial costs. *Id.*, p. 6. This means that provisional rates may enter into effect by September 1, 2025.

III. Legal Framework of the Temporary Rate Proceeding

A. Statutory Background

PREPA is a public corporation and instrumentality of the Government of Puerto Rico created by Act No. 83 of May 2, 1941 (“Act 83”). Since 1941, PREPA has been the sole energy-distribution service provider in Puerto Rico. It is a municipal-owned utility that owns Puerto Rico’s

T&D System, thermal generation units, hydroelectric generation units, public irrigation facilities, and the assets related thereto.

PREPA faced operational, strategic, and financial challenges for decades, including an inherently deficient energy infrastructure, an aging and deteriorating T&D System, high and volatile fuel prices, high vulnerability to weather conditions, a lack of access to capital markets, and an underfunded pension system. *See, e.g.,* Statements of Motives, Act No. 57-2014; Act No. 120-2018, known as the *Puerto Rico Electric Power System Transformation Act*, (“Act 120-2018”) and Act No. 17-2019, known as the *Puerto Rico Energy Public Policy Act* (“Act 17-2019”).

In response, Act 57-2014 adopted a legal and regulatory framework to enforce a thorough reform of the energy sector in Puerto Rico that promotes the operation and administration of an efficient system at just and reasonable costs, considering that Puerto Rico is an isolated jurisdiction that needs to have a safe and stable electric power grid. The statute sought to overcome the fact that PREPA had become a self-regulated monopoly that set its own rates without actual oversight, and suffered from operational, managerial, and administrative deficiencies. *See* Statement of Motives, Act 57-2014.

Then, on June 21, 2018, the Legislative Assembly of Puerto Rico enacted Act 120-2018, which establishes the legal framework for the sale, disposition, and/or transfer of the assets, operations, functions, and services of PREPA, including a transaction under which operations of the T&D System would be assumed by a private manager for a period of time, with ownership remaining at PREPA. Act 120-2018 established necessary safeguards to ensure a fair and transparent process for obtaining bids for the private operation and management of the T&D System. Act 120-2018 also provided for the applicability of the Public-Private Partnership Act, Act 29-2009 (“Act 29-2009”) and empowered the Puerto Rico Public-Private Partnerships

Authority (“P3A”) to begin the processes related to informal negotiations, market analysis, requests for information, and any other method to collect information for PREPA’s transformation. Moreover, Act 120-2018 designated the P3A as the government entity responsible for public-private partnerships' functions, services, and facilities in the electric sector. After a competitive and transparent bidding process, LUMA was selected as the winning bidder based on its experience, qualifications, and terms of its proposal.

Subsequently, in April 2019, the Legislative Assembly enacted Act 17-2019, establishing as objectives, the implementation of a reliable and accessible electric power system that promotes industrial, commercial, and community development, improves the quality of life at a just and reasonable cost, and promotes the economic development of Puerto Rico. Act 17-2019 amended Act 57-2014 in what is relevant to the review of electricity rates.

Act 57-2014, P.R. Laws Annot. Tit. 22, §§ 1051-1056, 22 LPRA §§ 1051-1056 (2025), was enacted with the aim of, amongst other things, enforcing “a thorough reform of the energy sector that promotes the operation and administration of an efficient system at just and reasonable costs, considering that [Puerto Rico is] an isolated jurisdiction that needs to have a safe and stable electric power grid.” *See*, Statement of Motives, Act 57-2014. In furtherance thereof, Article 6.21 of Act 57-2014 establishes obligations applicable to electric power service companies. To wit:

- (a) Every certified electric power company shall provide customers or consumers with an adequate, safe, reliable, efficient, and nondiscriminatory electric power service;
- (b) Every rate or charge required or collected for any service provided or to be provided, and the rules adopted by every electric power service company regarding the provision of such services shall be just, reasonable, and nondiscriminatory; and
- (c) No certified electric power company shall give unjust or unreasonable preference or advantage to any person; neither shall such company subject any person to unjust or unreasonable prejudice or disadvantage in any aspect.

PR Laws Ann. Tit. 22 § 1054t, 22 LPRA § 1054t (2025).

In what is pertinent to the captioned proceeding, Article 6.25 of Act 57-2014 regulates the procedures for the review of Puerto Rico's electricity rates. PR Laws Ann. Tit. 22 § 1054x, 22 LPRA § 1054x (2025). To start, subsection (a) of the referenced provision states that the Energy Bureau:

shall be in charge of following the process established herein to review and approve the electric power service companies' proposed rate reviews. The Energy Bureau shall ensure that all rates are just and reasonable and consistent with sound fiscal and operational practices that provide for a reliable and adequate service at the lowest reasonable cost.

Id.

Moreover, during any rate review process, the burden of proof shall lie on the requesting electric power service company to show that the proposed rate is just and reasonable, consistent with sound fiscal and operational practices that provide a safe and adequate service at the lowest reasonable cost. *See* Article 6.25(b) of Act 57-2014, PR Laws Ann. Tit. 22 § 1054x(b), 22 LPRA § 1054x(b) (2025). Accordingly, the requesting electric power service company shall submit all the information requested by the Energy Bureau. *Id.*

Specifically, to the petition at issue, Act 57-2014 provides that at the request of an electric power company, the Energy Bureau may authorize an electric power service rate adjustment due to *emergency or temporary events*. *See* Article 6.25(d) of Act 57-2014, PR Laws Ann. Tit. 22 § 1054x(d), 22 LPRA § 1054x(d) (2025). Such a request must be accompanied by all the documentation and information available that warrants the temporary rate adjustment in the judgment of the electric power company requesting it. *Id.* A preliminary determination by the Energy Bureau authorizing or rejecting the proposed temporary rate adjustment shall be duly grounded and issued and published not later than ten (10) days after the adjustment has been requested. *Id.*

If a temporary rate adjustment is approved, the Energy Bureau shall direct the requesting electric power company to issue a public notice informing of the change and explaining, in general terms, the reasons for such temporary rate adjustment. *See* Article 6.25(d) of Act 57-2014, PR Laws Ann. Tit. 22 § 1054x(d), 22 LPRA § 1054x(d) (2025). If it is determined that a temporary rate adjustment is warranted, the Energy Bureau shall hold public hearings within a term that shall not exceed thirty (30) days from the effective date of the temporary rate adjustment, where the requesting company and the general public shall have the opportunity to present evidence or expert testimony and documentary evidence supporting their respective positions. *Id.* Failure to hold the public hearings shall render the temporary rate adjustment void. *Id.*

The Energy Bureau shall issue a final determination as to whether a temporary rate adjustment is warranted, within a term not to exceed sixty (60) days after the hearing process ends. *See* Article 6.25(d) of Act 57-2014, PR Laws Ann. Tit. 22 § 1054x(d), 22 LPRA § 1054x(d) (2025). If it is determined that the temporary rate adjustment is warranted, the Energy Bureau shall fix the duration and amount thereof. If the temporary rate adjustment is rejected, the Energy Bureau shall determine whether the rates shall be adjusted for consumers to offset any difference resulting from the period in which the preliminary temporary rate adjustment was in effect. *Id.* The effective term of the temporary rate adjustment shall not exceed one hundred eighty (180) days as of the authorization thereof by the Bureau. *Id.*

Similarly, Act 83 provides that at PREPA's request, the Energy Bureau may approve a rate modification due to emergency circumstances, as provided in Act No. 21 of May 31, 1985, as amended, known as the "Uniform Rate Revision and Modification Act" ("Act 21").⁵ *See* Article

⁵ Other provisions of Act 21, and the provisions of Act No. 38-2017, as amended, known as the "Government of Puerto Rico Uniform Administrative Procedure Act," shall apply to rate review and modification processes of PREPA, insofar as they are consistent with the provisions and requirements for

6A(d) of Act 83, PR Laws Ann. Tit. 22 § 196a(d), 22 LPRA § 196a(d) (2025). These emergency rates shall remain in effect while the emergency lasts, but never for a term exceeding one hundred eighty (180) days after their approval. *Id.*

B. T&D OMA Background

LUMA entered into the T&D OMA with PREPA and the P3A to (i) provide management, operation, maintenance, repair, restoration and replacement, and other related services for the T&D System, in each case that are customary and appropriate for a utility transmission and distribution system service provider, and (ii) establish policies, programs, and procedures with respect thereto ((i) and (ii), collectively, the “O&M Services”)⁶. *See* T&D OMA, Section 5.1, p. 62.

As Operator of the T&D System, **LUMA does not own any part of the utility**, including the T&D System or any generation assets. LUMA serves as the Operator that provides operation and maintenance services for the T&D System pursuant to the T&D OMA, as stated above. Because PREPA remains in bankruptcy, it is unable to issue debt or bonds, and accordingly, has no meaningful access to outside capital. This means that, absent Government intervention, all costs

rate modification and review established in Act 83. *See* Article 6A(d) of Act 83, PR Laws Ann. Tit. 22 § 196a(d), 22 LPRA § 196a(d) (2025).

⁶ The O&M Services are to be provided in accordance with the “Contract Standards,” requiring compliance with Applicable Law, Prudent Utility Practice, and other standards, terms, conditions, and requirements specified in the T&D OMA (for purposes of this submission, “Contract and Policy Standards”). Contract and Policy Standards necessarily require acting consistently with policy mandates and directives in Act 57-2014, Act 120-2018, as amended, known as the Electric Power System Transformation Act (“Act 120-2018”) and Act 17-2019, known as the “Puerto Rico Energy Public Policy Act” (“Act 17-2019”), among others. This term includes “any foreign, national, federal, state, Commonwealth, municipal or local law, constitution, treaty, convention, statute, ordinance, code, rule, regulation, common law, case law or other similar requirement enacted, adopted, promulgated or applied by any [governmental body][...]” in each case applicable to the parties to the T&D OMA. *See T&D OMA*, Section 1.1, p. 3. “Prudent Utility Practice” is defined, in pertinent part, as “...at any particular time, the practices, methods, techniques, conduct and acts that, at the time they are employed, are generally recognized and accepted by companies operating in the United States electric transmission and distribution business as such practices, methods, techniques, conduct and acts appropriate to the operation, maintenance, repair and replacement of assets, facilities and properties of the type covered by the [T&D OMA][...]” *Id.*, p. 26.

incurred in the operation and maintenance of the energy system, as well as capital improvements, must be paid for through revenue generated from current rates (which were last set in 2017).

For LUMA to perform the O&M Services, Section 3.7 of the T&D OMA provides the following:

[PREPA, LUMA, and the P3A] acknowledge that [PREPA's] provision of the Power and Electricity requirements of the Commonwealth constitutes an essential public service; it being understood that such acknowledgement shall not impose any obligation on [PREPA, LUMA, and the P3A] other than those set forth in this Agreement. [PREPA] acknowledges that [LUMA] will rely on (i) the certifications, resolutions, authorizations and approvals referred to in Section 2.2 (*Effective Date*) **and (ii) the funding of the Service Accounts by [PREPA] in the manner contemplated hereunder, in each case in order for [LUMA] to (A) perform the O&M Services under this Agreement and (B) have the opportunity to earn the Service Fee in full.**

See T&D OMA, Section 3.7, p. 37 (emphasis added).

It is a fundamental principle of the T&D OMA that the provision of the O&M Services depends entirely on the required funding of the Service Accounts by PREPA in the manner contemplated therein. Section 7.5 of the T&D OMA sets forth PREPA's obligation to fund the Service Accounts. There are six (6) Service Accounts per the T&D OMA. To wit, the (i) Operating Account, (ii) Capital Account – Federally Funded, (iii) Capital Account – Non-Federally Funded, (iv) Outage Event Reserve Account, (v) Generation Expenditures Accounts, and (vi) Contingency Reserve Account. *See* T&D OMA, Section 7.5, pp. 91-96.⁷

⁷ The purpose of the Operating Account is for LUMA to “draw funds from time to time to pay for T&D Pass-Through Expenditures⁷ actually incurred by [LUMA] in performing the O&M Services and from which [PREPA] shall pay the Service Fee.” *See* T&D OMA, Section 7.5(a)(i), p. 91.

The Capital Account – Federally Funded is set for PREPA to “draw funds from time to time, in accordance with the Federal Funding Procurement Manual, to pay [LUMA], as agent of [PREPA], for the cost of Federally Funded Capital Improvements.” *See* T&D OMA, Section 7.5(b)(i), p. 92. PREPA “shall fund the Capital Account – Federally Funded with any or both of (A) Federal Funding received for the T&D System and (B) proceeds from any other financings or funds of [PREPA] the use of which are designated for Capital Costs – Federally Funded.” *See* T&D OMA, Section 7.5(b)(ii), p. 92.

The T&D OMA recognizes that LUMA should not be in a position to operate without funding. Funding of the Service Accounts in the full amounts required by Section 7.5 of the T&D OMA is warranted irrespective of PREPA's current Title III proceeding.⁸ Therefore, funding the Service Accounts by PREPA is essential to LUMA and, ultimately, to PREPA's customers, the consumers of electric power services in Puerto Rico. Section 7.8 of the T&D OMA contains one exception to the aforementioned funding requirements of LUMA's Service Accounts, permitting a reduction of those funding requirements.⁹

Similarly, the Capital Account – Non-Federally Funded was created for LUMA to “draw funds, from time to time, to pay for the cost of Non-Federally Funded Capital Improvements . . . related to the O&M Services.” See T&D OMA, Section 7.5(c)(i), p. 93. PREPA “shall fund the Capital Account – Non-Federally Funded with any or both of (A) proceeds from draws on financing provided by [LUMA] or its Affiliates, on terms to be agreed on by [LUMA] and [PREPA] and (B) proceeds from any other financings or any funds of [PREPA] the use of which are designated for Capital Costs – Non-Federally Funded.” See T&D OMA, Section 7.5(c)(ii), p. 93.

The Outage Event Account allows LUMA to “draw funds from time to time to pay for costs in connection with an Outage Event⁷ (“Outage Event Costs”) incurred by [LUMA].” See T&D OMA, Section 7.5(d)(i), p. 94. Thus, “[n]o later than ten (10) Business Days prior to the Service Commencement Date, [PREPA] [was required] to fund the Outage Event Reserve Account with an amount equal to US\$30,000,000.” See T&D OMA, Section 7.5(d)(ii), p. 94. More importantly, for present purposes, the T&D OMA established PREPA's obligation to replenish the account by stating that “[p]romptly following a withdrawal, [PREPA] shall replenish the Outage Event Reserve Account so as to maintain an amount equal to US\$30,000,000.” *Id.*

The Generation Expenditures Accounts were created for LUMA to “draw funds from time to time to pay for actual Generation Pass-Through Expenditures.” See T&D OMA, Section 7.5(e)(i), p. 94. Those accounts include a Purchased Power Account and a Fuel Account. *Id.*

Finally, the Contingency Reserve Account was established for LUMA to “draw funds from time to time in the event that at any time during the Term there are insufficient funds in the Operating Account, Capital Account – Federally Funded, Capital Account – Non Federally Funded, Outage Event Reserve Account or Generation Expenditures Accounts to pay for T&D Pass-Through Expenditures, Capital Costs, Outage Event Costs or Generation Pass-Through Expenditures.” See T&D OMA, Section 7.5(f)(i), p. 95.

⁸ The funding requirements remain effective after Service Commencement and throughout the duration of the T&D OMA.

⁹ (a) Investment Grade Rating. Notwithstanding anything contained in this Agreement to the contrary, [PREPA, LUMA, and the P3A] acknowledge and agree that to the extent (i) any direct obligations of any

Pursuant to the T&D OMA, LUMA is tasked with (i) representing PREPA before the Energy Bureau with respect to *any matter related to the performance of any of the O&M Services* provided by LUMA under the T&D OMA; (ii) preparing all related filings and other submissions before the Energy Bureau; and (iii) representing PREPA before any Governmental Body and any other similar industry or regulatory institutions or organizations having regulatory jurisdiction. *See* T&D OMA, Section 5.6(a), p. 66.

Additionally, LUMA may apply to the Energy Bureau “to request that a change in customer rates or charges be made”. *See* T&D OMA, Section 5.6(g), p. 67. “Any such application shall be prepared and undertaken in accordance with the relevant requirements set forth under [the applicable law].” *Id.*, p. 68. PREPA and P3A “shall support [LUMA’s] proposed rate changes to ensure that adequate amounts are available for inclusion in any budget, provided that the rates are reasonable and customary.” *Id.* LUMA, PREPA, and the P3A “shall abide by any rate order reflecting determinations and directives of, and requirements established by, [the Energy Bureau] through its review of such application and the rate review proceeding.” *Id.*

As the main entity in charge of ensuring compliance with energy public policy and carrying out energy policy mandates, the Energy Bureau has the authority to review this submission

[PREPA] or any of its Affiliates or successors secured by System Revenues are assigned an Investment Grade Rating or (ii) any direct obligations of the Securitization SPV secured by System Revenues are assigned a rating of AA or the equivalent, in each case by two or more of the Rating Agencies, then (A) the level of pre-funding required pursuant to Section 4.6(c)(i) (*Front-End Transition Period Compensation – Funding*), Section 7.5(a)(ii) (*Service Account – Operating Account*), Section 7.5(b)(iii) (*Service Account – Capital Account – Federally Funded*), Section 7.5(c)(iii) (*Service Account – Capital Account – Non-Federally Funded*), Section 7.5(e)(ii) (*Service Account – Generation Expenditures Accounts*) and Section 16.4(c)(ii) (*Back-End Transition Period Compensation – Funding*) shall be reduced from four and a half (4.5) months to three (3) months and (B) there shall be no further obligation to deposit funds into the Contingency Reserve Account. Any funds that are released from any Service Account as a result of the operation of this Section 7.8(a) (*Owner Credit Rating – Investment Grade Rating*) shall, at [PREPA’s] sole discretion, be used for the repayment of existing debt of [PREPA], refunds to T&D Customers or other similar purposes. *See* T&D OMA, Section 7.8(a), pp. 97-98.

pursuant to Act 57-2014 and Act 17-2019. Specifically, Act 57-2014 gives the Energy Bureau authority and regulatory oversight over electric services and companies such as PREPA, LUMA, and Genera. *See* Sections 6.3 and 6.4 of Act 57-2014, PR Laws Ann. Tit. 22 §§ 1054b and 1054c, 22 LPRA §§ 1054b and 1054c (2025). Among other powers, the Energy Bureau may establish energy public policy standards concerning electric service companies, establish by regulations the public policy rules regarding electric power service companies, and adopt the rules, orders, and regulations needed to carry out its duties, issue orders, as well as for the implementation of Act 57-2014. *Id.*

IV. Justifications for a Temporary Rate Adjustment

Section 6.25(d) of Act 57-2014 provides that at the request of an electric power company, the Energy Bureau may authorize an electric power service rate adjustment due **to emergency or temporary events**. *See* Article 6.25(d) of Act 57-2014, PR Laws Ann. Tit. 22 § 1054x(d), 22 LPRA §§ 1054x(d) (2025) (emphasis ours). Under Puerto Rico law, the term “temporary event” has been defined in case law. For example, in *Meléndez Ortiz v. Valdejully*, 20 P.R. Offic. Trans. 1, 23 (1987)¹⁰, the Puerto Rico Supreme Court held that although both terms, “emergency” and “temporary,” cover different situations, to a certain extent, they are interchangeable. As such, the

¹⁰ The Puerto Rico Supreme Court’s ruling in *Meléndez Ortiz* is of importance for the temporary rate increase petition at issue. The case involved Act 21, whose purpose was to establish an adequate and uniform procedure for revising and modifying the rates for basic and essential public services of public corporations and similar government instrumentalities, including PREPA. *Meléndez Ortiz*, 20 P.R. Offic. Trans. 1, 10. The law provided the public corporations with two methods for setting rate hikes: a) the permanent rate increase, and b) the temporary or emergency rate increase. *Id.*, at 17. Act 21 was the statute that provided PREPA with a rate increase mechanism until the adoption of Act 57-2014.

Given that Act 57-2024 closely tracks the language of Act 21 when adopting temporary rates among the panoply of rate review mechanisms for PREPA, the Puerto Rico Supreme Court’s interpretation of *Meléndez Ortiz* under Act 21 is controlling and should be followed in this proceeding. Alternatively, because Act 57-2014 does not define an “emergency” or a “temporary event,” Puerto Rico’s Supreme Court’s on-point precedent on what is a “temporary event” and/or “emergency” in the context of a rate review proceeding for a public utility in Puerto Rico is undoubtedly persuasive law.

impossibility of meeting both legal and financial commitments is clearly embodied in the concepts of emergency and temporary rate hike. *Id.*, at p. 22 (*construing* the Uniform Rate Revision and Modification Act, Act 21). The Puerto Rico Supreme Court also identified as recognized reasons for granting and allowing temporary rate hikes: “avoiding a reduction in public utilities’ maintenance programs, forestalling lay-offs, maintaining the company’s financial stability so it may continue in operation.” *Id.*, at p. 21 (citation omitted).

As the Puerto Rico Supreme Court held in *Meléndez Ortiz*, it is crucial not to handcuff the utility in responding to a financial emergency whether or not it was foreseeable, or whether there were claims that the utility was negligent, as the purpose of the statute is to protect customers regardless of the acts of the utility. *Meléndez Ortiz*, 20 P.R. Offic. Trans. 1, at pp. 18-19. Said ruling evinces the importance of allowing utilities to file for a temporary rate increase when the financial situation threatens the operation of the utility to protect consumers.

Furthermore, the definition of “emergency” may extend to fiscal emergencies, similar to ones that produce “a ‘grave crisis’ in government finances.” *Domínguez Castro v. E.L.A.*, 178 DPR 1, 50; 78 P.R. Offic. Trans. 1 (2010). For reference, “[e]mergency’ is synonymous with ‘urgency’, ‘necessity’, ‘haste’.” *San Gerónimo Caribe Project v. A.R.Pe.*, 174 DPR 640, 665 (2008) (translation provided). Under Puerto Rico law and “[i]n the administrative sphere, the concept of ‘emergency’ is flexible, since it can include ‘an event or combination and accumulation of circumstances that require immediate action.’” *Fideicomiso de Conservación de P.R. y Para la Naturaleza, Inc. v. Estado Libre Asociado de P.R.*, 212 DPR 377, 383 (2023) (translation provided). This leniency is in line with the flexibility intended to be granted to agencies to act in situations that require immediate intervention. *Grupo HIMA v. Depto. de Salud*, 181 DPR 72, 90 (2011).

The records of this Energy Bureau in the proceeding *In Re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, show that current rates are insufficient to cover the costs of Puerto Rico's electric system operations. The Fiscal Year 2025 and Fiscal Year 2024 Budgets approved by the Energy Bureau and Certified by the Financial Oversight and Management Board for Puerto Rico, included additional monies allocated by the P3A to compensate for the insufficiency of revenues generated by energy sales at current rates. *See* Resolution and Order of June 25, 2023, and Resolution and Order of June 26, 2024, in Case No. NEPR-MI-2021-0004. As more fully explained in the testimony of Mr. Figueroa, the base rates that were established eight years ago have not been adjusted to account for the effects of inflation, the population outflow from Puerto Rico, and the increases in combined heat and power systems by industrial customers and participation in the Net Energy Metering program by residential customers. *See Exhibit 1.0*. There has been, and continues to be, a mismatch between current rates and actual costs. *Id.*

Also, because the utility's revenue requirement was set in 2017, before PREPA entered bankruptcy under the Puerto Rico Oversight, Management, and Economic Stability Act, prior to hurricanes María and Irma and the 2019 and 2020 earthquakes, and before the T&D OMA and the Generation OMA¹¹ were executed, current rates are insufficient to cover the current operation, maintenance and investment needs of the energy system. Current rates are also insufficient to cover the costs that PREPA should bear under the T&D OMA but has not funded, including the outage event reserve account. The need for Outage Reserve Account funding is particularly acute Puerto Rico approaches storm season.

¹¹ Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement executed by the PREPA, P3A and Genera PR LLC (Jan. 24, 2023).

These circumstances establish a present and clearly imminent threat that LUMA, as Operator of the T&D System, will be unable to continue meeting its public service obligations to customers pursuant to the standard set forth by the Puerto Rico Supreme Court in *Meléndez Ortiz*. LUMA estimates an urgent need of \$322 million in incremental funding to cover operational expenditures beyond the Fiscal Year 2026 Budget, in addition to \$30 million to replenish the Outage Event Reserve Account. These projections are grounded in the financial requirements necessary to continue investing in the T&D System, as outlined in the approved Annual Budget for Fiscal Year 2025, and the changing needs of the T&D System that demand critical investments that cannot be delayed.

As explained in *Exhibit 2.01* and in the supporting testimonies submitted as *Exhibits 1.0 and 2.0*, LUMA has identified several operational areas that will suffer immediate harm due to the underfunding and are evidence of the need for a temporary rate adjustment. Given the critical condition of the T&D System and the well-documented funding limitations arising from outdated energy rates, the T&D System's investment needs far exceed available funding. The examples of activities at risk, described in *Exhibit 2.01* and the accompanying pre-filed testimonies and workpapers, reflect those crucial for storm preparedness, wildfire mitigation, minimizing outages, responding to outages, cybersecurity, and expediting restoration times.

A. Costs Basis for a Temporary Rate Adjustment

The starting point for this temporary rate adjustment is the incremental inflationary increase to LUMA's FY2025 Budget to arrive at the proposed FY2026 Budget. *See Exhibits 1.0, 2.0, and 2.01*. Also, as explained above, the approved budget for LUMA for FY2025 is \$692

million, which includes \$44 million allocated to LUMA by the P3A.¹² Currently, an offsetting contribution for the FY2026 Budget has not been made available. Thus, to ensure sufficient funding to support the FY2026 Budget, the revenue requirement for FY2025 must be increased to cover that deficiency through rates.

In alignment with the April 21st Order whereby the Energy Bureau indicated that LUMA could propose spending increases to its FY2025 Budget via a budget amendment, provided that the increases involve high priority and non-controversial costs, LUMA identified high-priority costs that are either unavoidable costs or costs that support critical and necessary investments into the grid that must be undertaken in FY2026 and thus, must be funded at the start of FY2026.

1. Temporary and Critical funding needs

In the accompanying pre-filed testimonies and workpapers, *see Exhibits 1.0, 2.0-2.02*, LUMA describes the funding needs for the different operational components of the FY2026 Budget, along with a description of the activities and/or projects impacted and the risks associated with the current underfunding in providing the O&M Services and establishes that this scenario constitutes a temporary event that justifies a temporary rate adjustment under Act 57-2014. As explained in detail in *Exhibits 2.0 and 2.01*, the specific LUMA departments at risk are: Customer Experience, T&D Operations, Capital Programs & Grid Transformation, Information Technology and Operational Technology, Fleet, Real Estate, Property and Facilities Management Services and Development, and Finance.

¹² See NEPR-MI-2021-0004, T&D and GenCo Budgets for FY2025, Exhibit 1, p. 3 *available at* <https://energia.pr.gov/wp-content/uploads/sites/7/2024/05/20240525-MI20210004-Motion-FY2025-TD-GenCo-and-System.pdf>. (“The base rate funded component of the budget, consisting of the Operating Budget and the Non-Federally Funded Capital Budget, is \$692 million, which includes \$44 million in additional funding allocated to GridCo by the P3A.”).

The FY2026 incremental funding needs encompass Operations and Maintenance (“O&M”) and Non-Federal Capital (“NFC”) costs that are fundamental to addressing the reliability and safety of the T&D System and ensuring maximum collection of electricity fees from consumers. For example, in the T&D Operations, and Capital Programs and Grid Transformation departments, the funding needs include: compliance with the Department of Energy Order no. 202-25-2,¹³ substation maintenance, vegetation management, system operations, the T&D fleet, transmission priority pole replacement, substation reliability, substation rebuild, and different initiatives for transmission, distribution, substation, telecom, compliance and studies, wildfire mitigation and hardening, and grid modernization. *See Exhibit 2.01.* In his testimony, Mr. Smith outlines the impact of the increased costs not being funded. *See Exhibit 2.0.*

In the Information Technology and Operational Technology Department, the funding needs include fixed cost absorption due to the termination of Genera’s Shared Services, support for critical initiatives, and critical investments in cybersecurity, technology enablement, asset management, and collaboration and analytics. *See Exhibit 2.01.*

Moreover, the Fleet Department’s funding needs include incremental fleet lease costs, which are tied directly to supporting the immediate projects in other departments. *Id.* The Real Estate, Property and Facilities Management Services and Development department has funding needs based on incremental facilities costs, and critical facilities initiatives that include power generators, heating, Ventilation, and Air Conditioning retrofit or replacement, critical building repairs, and addressing safety issues in the facilities in different Puerto Rico regions. *Id.*

The Customer Experience Department’s funding needs arise from an increase in payment processing costs due to increased collection efforts (including disconnections), prompting an

¹³ Department of Energy Order No. 202-25-2 of May 16, 2025, Federal Power Act Section 202 Puerto Rico Electric Power Authority, U.S. Department of Energy.

increase in payment frequency. *See Exhibit 2.01*. Collecting revenue is fundamental, and payment processing fees are unavoidable and cannot be paused or deferred. *Id.* Lastly, the Finance Department has incremental needs to support anticipated additional reporting requirements from the Energy Bureau, which will require process and potentially system changes, which must be contemplated in the immediate term. *Id.*

The costs that are included in the temporary rate petition are not funded by current rates. Given the reality of outdated base rates, the utility is facing a financial emergency that places it in a substantial risk of not meeting its obligation to provide safe and reliable services. There is an imminent need to adjust rates to ensure that the rates raise sufficient revenue to fund costs that are critical for LUMA to meet its obligations to operate a dilapidated and fragile T&D System and to invest in transforming the grid and to remediate critical gaps and deficiencies that predate LUMA's tenure as Operator of the T&D System. The costs are just, reasonable, and necessary to allow LUMA to meet sound fiscal, operational and prudent utility practices.

2. Partial Replenishment of the Outage Event Reserve Account

As Mr. Figueroa explains in his testimony, the Outage Event Account is contractually established under the T&D OMA¹⁴ with a minimum balance set at \$30 million. *See Exhibit 1.0*. This account is intended to ensure that funds are available to address costs incurred in response to outage events, which can be caused by smaller events, such as periods of heavy rain, wind, and/or lightning, or extreme events such as hurricanes.¹⁵

Per Section 7.5(d) of the T&D OMA, LUMA shall “draw funds from time to time to pay for costs in connection with an Outage Event (“Outage Event Costs”) incurred by [LUMA].” *See*

¹⁴ *See* T&D OMA, Section 7.5(d), p. 94.

¹⁵ What constitutes an Outage Event is defined by specific criteria in the T&D OMA.

T&D OMA, Section 7.5(d)(i), p. 94. Thus, “[n]o later than ten (10) Business Days prior to the Service Commencement Date, [PREPA] [was required] to fund the Outage Event Reserve Account with an amount equal to US\$30,000,000.” *See* T&D OMA, Section 7.5(d)(ii), p. 94. More importantly, the T&D OMA established PREPA’s obligation to replenish the account by stating that “[p]romptly following a withdrawal, [PREPA] shall replenish the Outage Event Reserve Account so as to maintain an amount equal to US\$30,000,000.” *Id*

The Outage Event Reserve Account is meant to provide the money necessary to fund outage response initiatives, without compromising the funding that would otherwise be available for normal operations. Despite the fact that it is solely responsible for funding the Outage Event Reserve Account, PREPA has not replenished the Outage Event Reserve Account since November of calendar year 2023. *See Exhibit 1.0.*

Due to the urgent need for proper funding in the Outage Event Reserve Account, LUMA is requesting a temporary rate adjustment to collect the \$30 million in funding of the outage reserve account through the Rider Outage Events commencing in June 2025. Those funds are urgently required in the next three months to place LUMA in a position to respond to Outage Events, including those associated with emergencies such as storms and hurricanes. The funding will ensure that LUMA can maximize the deployment of resources to restore operations and service, and protect lives, public health, safety, and property in case of an emergency.

V. LUMA’s Temporary Rate Submission

In support of the temporary rate submission, LUMA is submitting a supporting narrative as *Exhibit 2.01*, as well as the pre-filed testimonies of Alejandro Figueroa, Chief Regulatory Officer of LUMA and Andrew Smith, Chief Financial Officer of LUMA. *See Exhibits 1.0 and 2.0.* Those testimonies support why the costs are necessary and reasonable and meet the temporary

event criteria set forth in Section 6.25(d) of Act 57-2014. Further, LUMA is submitting accompanying workpapers containing all analyses, facts, and calculations necessary for the Energy Bureau to perform comprehensive analyses. *See Exhibits 1.01-1.05 and Exhibit 2.02.* LUMA is also submitting the proposed impact to the base rate, *Exhibit 1.03* and the proposed impact to and the average monthly bill, and Exhibit 1.04.

Moreover, LUMA hereby informs that the following individuals have knowledge of the critical, necessary and reasonable costs that justify that the Energy Bureau approve a temporary rate adjustment pursuant to Section 6.25(d) of Act 57-2014:

- Pedro Meléndez, Chief Capital Programs and Grid Transformation Officer
- Crystal Allen, Chief Information Officer
- Jessica Laird, Senior Vice President, Customer Experience
- Kevin Burgemeister, Senior Vice President, Operations (Acting)
- Carlos Cáez, Director, Real Estate, Property and Facilities Management Services and Development

VI. Implementation of the Temporary Rate Adjustment

LUMA proposes that, should the Energy Bureau approve a temporary rate adjustment, it be in place for a period of 180 days or until a provisional rate becomes effective, whichever comes first. LUMA would also propose that the increase be based on an equal cents/kWh charge applicable to all eligible customer classes.

Pursuant to Act 57-2014, and in accordance with the procedural framework set forth in the *New Regulation on Rate Filing Requirements for the Puerto Rico Electric Power Authority's First Rate Case*, Regulation No. 8720 of March 28, 2016 ("Regulation 8720"), and prior rider approvals embodied in the tariff revision procedure under Case No. CEPR-AP-2015-0001, whereby it also

approved PREPA's Tariff Book, LUMA respectfully requests the Energy Bureau to approve two new riders that will comprise the mechanism for recovery of the requested Temporary Rate Adjustment. Specifically, LUMA seeks approval of the *Rider Temporary Rate* and the *Rider Outage Event*.

The Energy Bureau has long recognized that riders are an efficient and transparent means for recovering specific, variable costs outside base rates, such as the Fuel Charge Adjustment ("FCA"), Purchased Power Cost Adjustment ("PPCA"), Municipalities Contribution in Lieu of Taxes ("CILT"), and Subsidy Adjustment ("SUBA") riders.¹⁶ A *rider* is defined as each rate mechanism that recovers a defined cost or changes in a cost outside PREPA's base rates. *See* Section 1.8(43) of Regulation 8720. Regulation 8720 requires that a proposed rider identify its purpose, formula, reconciliation procedure, and class allocation prior to approval. *See id.*, at Section 1.8(30). A rider may address recovery of cost for fuel, purchased power, or *other* costs, and requires the Energy Bureau's approval. *See id.*, at Section 1.8(43).

Considering that LUMA's CC&B system, inherited from PREPA and currently being upgraded as part of LUMA's System Remediation Plan, lacks the capabilities to individually track and report on revenues generated exclusively because of the temporary rate, should the Energy Bureau require such reports or order a reconciliation of the temporary rate, LUMA's capability to provide the information necessary would be severely limited if the temporary rate is implemented as an adjustment to the base rate. Accordingly, LUMA recommends implementing any temporary rate as a separate rider.

The *Rider Temporary Rate*, designated as TEMP, will be charged for all kilowatt-hours billed. *Exhibit 1.01* provides the draft tariff sheet, including the designation of the *Rider Temporary*

¹⁶ *See* Resolution and Order dated January 10, 2017, in Case No. CEPR-AP-2015-0001, at pp. 130-132.

Rate, system-wide availability, applicability to each kilowatt-hour of energy billed, and the rate that the Energy Bureau approves through this proceeding.

The *Rider Outage Event*, designated OUT, will be charged for all kilowatt-hours billed. *Exhibit 1.02* provides the draft tariff sheet, including the designation *Rider Outage Event*, system-wide availability for all tariffs, applicability to each kilowatt-hour of energy billed, and the rate that the Energy Bureau approves through this proceeding. The costs recovered through the *Rider Outage Event* will be reconciled with the implementation of the permanent rate. The *Rider Outage Event* will allow the utility to collect the revenues necessary for PREPA to fulfill its contractual obligation of funding and consistently replenish the Outage Event Reserve Account.

LUMA respectfully requests that the Energy Bureau approve both the *Rider Temporary Rate* and the *Rider Outage Event* as the appropriate mechanisms for the temporary rate adjustment recovery, consistent with the statutory and regulatory framework and the Energy Bureau's established practice. LUMA further seeks leave to include the draft tariff sheets for both riders, which clearly define each rider and their mechanisms, attached as *Exhibits 1.01 and 1.02*, in the PREPA Tariff Book. Approval of these riders will ensure a transparent, efficient, and equitable process for cost recovery, in line with prior Energy Bureau determinations and the requirements of Regulation 8720.

VII. Amendment to Model Bill

LUMA hereby respectfully seeks leave from the Energy Bureau to amend the operative Model Bill, enabling the implementation of the recovery mechanisms outlined in this motion.

On November 16, 2021, the Energy Bureau issued its Resolution and Order with the subject *Determinación sobre Factura Modelo de LUMA* in the proceeding *In Re: Review of LUMA Model Bill*, Case No. NEPR-MI-2021-0008 (the "Model Bill Order").

The Energy Bureau approved LUMA’s bilingual Model Bill and expressly found that the proposed format satisfied the transparency requirements embodied in Act 83, Act 57-2014, Act 17-2019, and Regulation 8863¹⁷. The Model Bill Order further provides that any modification requires the authorization of the Energy Bureau before its implementation. Therefore, the Energy Bureau ordered LUMA to submit to the Energy Bureau for its evaluation and approval of any proposed modification to the Model Bill. Consistent with that directive, LUMA has periodically sought and obtained Energy Bureau approval to revise the Model Bill when necessary to implement subsequent regulatory directives, including, *inter alia*, incorporating EV-TOU rate design. *See* Resolution and Order of June 28, 2024, in Case No. NEPR-MI-2021-0008.

The legal and regulatory framework for electricity billing in Puerto Rico is structured to ensure transparency, clarity, and consumer understanding. Statutory provisions, including Act 83-1941, Section 6(i), require PREPA or its successor to create electricity bills for each customer class, with all bills subject to approval by the Energy Bureau. These bills must clearly itemize all categories of charges and credits, such as fuel purchase adjustments, energy purchase adjustments, net metering credits, contributions in lieu of tax, subsidies, transition charges, and the base rate charge. Importantly, the bills must be fully transparent and may not include any unapproved charges or fees.

On this occasion, LUMA requests leave to revise the Model Bill, as amended, to accommodate two new rate elements that must become effective upon the approval of the proposed temporary rate adjustment: (1) the *Rider Temporary Rate* line to show customers the rider to address LUMA’s funding incremental to the Budget for Fiscal Year 2025 as specified in the T&D OMA (i.e., Fiscal Year 2025 Approved Budget adjusted by inflation and critical incremental

¹⁷ Known as the *Regulation on the Procedure for Bill Review and Suspension of Electric Service Due to Failure to Pay*, Regulation No. 8863 of November 23, 2016 (“Regulation 8863”).

investment), and (2) the *Rider Outage Event* line to show customers the rider to address the partial replenishment of the Outage Event Reserve Account.

Exhibit 1.05 hereto contains a copy, in the English and Spanish languages, of the proposed amended Model Bill, illustrating the insertion of the *Rider Temporary Rate* and the *Rider Outage Event* line items, the applicable tariff, and each customer's charge, which will be provided applying the Energy Bureau's approved recovery formula for each rider. The *Rider Temporary Rate* will appear as a new line item under the Service Charges, and the *Rider Outage Event* will appear under the Reconciliation Clauses and Riders. The proposed changes preserve the structure and format previously approved by the Energy Bureau, employing the same nomenclature and positioning used for existing riders such as the FCA, PPCA, CILT, and SUBA. Replicating that layout will avoid customer confusion and conform to the itemization standard the Energy Bureau has repeatedly deemed best practice.

Upon approval by the Energy Bureau, LUMA is prepared to implement the proposed amended Model Bill in the first full billing cycle following the date of the Bureau's order, ensuring timely and transparent disclosure of the new rate elements. Thus, LUMA respectfully requests the Energy Bureau to enter an order approving the amendments to the Model Bill reflected in *Exhibit 1.05* and authorize LUMA to deploy the amended Model Bill in the first billing cycle after the entry of the order by June 1, 2025.

VIII. Requests for Approval of FY2026 Budget and Temporary Rates

LUMA requests that the Energy Bureau approve the FY2026 budget outlined in *Exhibit 2.02* and supported by the testimony of Mr. Smith, *Exhibit 2.0*, to be implemented on July 1, 2025. LUMA also requests that the Energy Bureau approve the proposed temporary rate adjustment to ensure that rates raise sufficient revenues to fund the proposed FY2026 Budget. Given the one (1)

month lag between when a rate adjustment is applied and when collections begin, LUMA requests that the temporary rate adjustment become effective June 1, 2025. This will provide the T&D System with sufficient funding on July 1, 2025 to begin carrying out urgent and critical investments which cannot wait and which, if delayed beyond July 1, 2025, carry a risk of degradation of service or future cost increases. *See Exhibit 1.0.*

WHEREFORE, LUMA respectfully requests the Energy Bureau to **take notice** of the foregoing, **accept** the pre-filed testimonies and accompanying work papers and the draft riders to be included in PREPA's Tariff Book, and **approve** both the proposed FY2026 Budget and the request for a temporary rate adjustment to become effective on June 1, 2025.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 22nd day of May, 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau.



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

IN RE:

TEMPORARY REVIEW OF PERMANENT
RATES OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY

CASE NO.: NEPR-_____

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LUMA Ex. 1.01	Temporary Rate Tariff Sheet (<i>Word and PDF Formats</i>)
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