

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

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

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

**SUBJECT:** Resolution and Order Establishing  
the Rate Design Filing Requirements.




**RESOLUTION AND ORDER**

On May 16, 2025, the Hearing Examiner circulated a set of draft rate design filing requirements prepared by the consultants of the Energy Bureau of the Public Service Regulatory Board ("Energy Bureau"). On May 22, 2025, the Hearing Examiner circulated four (4) additional draft rate design filing requirements ("May 22 Requirements").

On May 23, 2025, the Energy Bureau received comments on these drafts from LUMA<sup>1</sup> and from the Solar and Energy Storage Association of Puerto Rico ("SESA"). Neither entity objected to the drafts. LUMA offered several suggestions. On one of the May 22 Requirements, SESA commented on the merits, though the Hearing Examiner had requested comments only on the items' inclusion in the filing requirements, not on their merits. LUMA, according to the Hearing Examiner's order, did not comment on the merits.

The Energy Bureau adopts the rate design filing requirements included as **Attachment A** to this Resolution and Order. The Schedules in Attachment A are relettered from K through P, rather than the I through M in the consultants' draft, because the combination of the Energy Bureau orders from February 12 and February 27 created schedules through Schedule J.

To avoid any confusion, the only changes to the Energy Bureau consultants' draft rate design filing requirements are these:

-  i. We retained Schedule N-1 (L-1 in the consultants' draft) on billing determinants, despite its overlap with Schedule C-8 in the filing requirements order of February 12, 2025, so that participants interested only in rate design will not have a gap in their knowledge;
-  ii. in Schedule N-1 (L-1 in the consultants' draft), we rewrote the second sentence for clarity;
-  iii. for Schedule M-6 (K-6 in the consultants' draft), we struck the last sentence ("Use the same year and budget assumption used in Schedule K-3") for the reason LUMA gave: "LUMA recommends striking the second sentence because revenues at present rates will not incorporate the revenue deficiency and is therefore unnecessary"; and
- iv. Schedules P-1 to P-4 are new; they are the four items circulated in the Hearing Examiner's Order dated May 22, 2025.

LUMA's comments on Schedules O-1 through O-4 (Schedules M-1 through M-4 in the consultants' draft) are not technically applicable to filing requirements for the July 3, 2025 submission. LUMA should bring its point to the Energy Bureau's attention when it becomes necessary during this proceeding.

The Energy Bureau **ORDERS** LUMA to ensure that the rate design portion of the rate application that it will submit **on July 3, 2025**, as required by the procedural schedule issued by the Hearing Examiner by Order of May 2, 2025, complies with these filing requirements.

<sup>1</sup> LUMA Energy, LLC, and LUMA Energy ServCo, LLC (jointly, "LUMA").



The Energy Bureau **WARNS** LUMA that, in accordance Art. 6.36 of Act 57-2014:<sup>2</sup>

- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to one hundred twenty-five thousand dollars (\$125,000) per day; and
- (ii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than fifteen thousand dollars (\$15,000) nor greater than two hundred fifty thousand dollars (\$250,000), at the discretion of the Energy Bureau.

Be it notified and published.

  
Lillian Mateo Santos  
Associate Commissioner

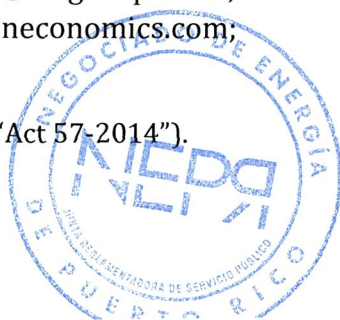
  
Sylvia B. Ugarte Araujo  
Associate Commissioner

  
Antonio Torres Miranda  
Associate Commissioner

**CERTIFICATION**

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 29, 2025. Chairman Edison Avilés Deliz and Associate Commissioner Ferdinand A. Ramos Soegaard did not intervene. I also certify that on May 29, 2025 a copy of this Resolution and Order was notified by electronic mail to mvalle@gmlex.net; arivera@gmlex.net; jmartinez@gmlex.net; jgonzalez@gmlex.net; Yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com; carolyn.clarkin@us.dlapiper.com; andrea.chambers@us.dlapiper.com; gcastro@sbgblaw.com; jennalvarez@sbgblaw.com; jfr@sbgblaw.com; regulatory@genera-pr.com; legal@genera-pr.com; hriviera@jrsp.pr.gov; contratistas@jrsp.pr.gov; victorluisgonzalez@yahoo.com; Cfl@mcvpr.com; nancy@emmanuelli.law; jrinconlopez@guidhouse.com; Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; kara.smith@weil.com; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; jan.albinolopez@us.dlapiper.com; Rachel.Albanese@us.dlapiper.com; varoon.sachdev@whitecase.com; epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com; matt.barr@weil.com; Robert.berezin@weil.com; Gabriel.morgan@weil.com; corey.brady@weil.com; lramos@ramoscruzlegal.com; tlauria@whitecase.com; gkurtz@whitecase.com; ccolumbres@whitecase.com; isaac.glassman@whitecase.com; tmacwright@whitecase.com; jcunningham@whitecase.com; mshepherd@whitecase.com; jgreen@whitecase.com; hburgos@cabprlaw.com; dperez@cabprlaw.com; howard.hawkins@cwt.com; mark.ellenberg@cwt.com; casey.servais@cwt.com; bill.natbony@cwt.com; thomas.curtin@cwt.com; escalera@reichardescalera.com; riverac@reichardescalera.com; susheelkirpalani@quinnemanuel.com; erickay@quinnemanuel.com; dmonserrate@msglawpr.com; fgierbolini@msglawpr.com; rschell@msglawpr.com; eric.brunstad@dechert.com; Stephen.zide@dechert.com; Julia@londoneconomics.com;

<sup>2</sup> Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").



Brian@londoneconomics.com; luke@londoneconomics.com; juan@londoneconomics.com; mmcgill@gibsondunn.com; LShelfer@gibsondunn.com; jnieves@cstlawpr.com; arrivera@nuenergypr.com. I also certify that on May 29, 2025, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, on May 29, 2025.



Sonia Seda Gaztambide  
Clerk





**ATTACHMENT A**  
**FILING REQUIREMENTS ON COST ALLOCATION AND RATE DESIGN**

**I. Introduction**

These filing requirements apply to the rate design portion of the rate application that LUMA will submit on July 3, 2025, as required by the procedural schedule issued by the Hearing Examiner by Order of May 2, 2025.

The *cost allocation* components of the application shall explain, with all necessary details, how the proposed allocation of costs among customer categories reflects how the utility incurs those costs for those customer categories. LUMA shall base the allocation on credible allocation methods and on reliable load research and metering data. The application shall include any cost-of-service studies available and shall explain how LUMA used those studies to support the proposed cost allocation.

The *revenue allocation* and *rate design* components of the application necessarily involve tradeoffs among various well-known principles. Those principles seek to

- i. enable the recovery of total revenue requirement;
- ii. achieve a fair apportionment of costs among customers;
- iii. provide price signals that encourage efficient use;
- iv. promote customer understanding and acceptance; and
- v. produce rates that are consistent with practicality and ease of implementation.

The application shall explain how the proposed revenue allocation and rate design address each of those principles and the trade-offs among them.

**II. Definitions**

These definitions apply to Schedules K through P. Definitions here of terms used in the Energy Bureau's Order of February 12, 2025 (relating to revenue requirement) are identical to the definitions established by that Order. Several of the definitions below are new, and therefore applicable only to Schedules K through P.

"Audited Year" means the most recent fiscal year for which a full set of audited financial results for PREPA are available.

"Bill Frequency Analysis" means a sort of the number of bills in a customer class by usage, bill amount, or other feature.

"Constrained Budget" has the meaning set forth in the Energy Bureau's Resolution and Order of February 12, 2025; specifically as relevant here, for a particular Fiscal Year, a budget whose total cost is less than the Optimal Budget by the amount that the Energy Bureau deems necessary to provide a customer-sensitive transition from the status quo (Fiscal Year 2025) to an Optimal Budget in FY 2028. The difference between the proposed Optimal Budget and the proposed Constrained Budget must reflect PREPA's, LUMA's, and Genera's recommendations about which costs and activities in the Optimal Budget should be deferred. These recommendations should consider, but need not be bound by, consultations that the three companies hold with interested entities, including but not limited to the Independent Consumer Protection Office; the bondholders; government, industrial, and commercial customers; and providers of renewable energy.

"Extension Years" means Fiscal Years 2027 and 2028.

"Interim Years" means the years between the Audited Year and the Rate Year.

"Optimal Budget" has the meaning set forth in the Energy Bureau's Resolution and Order of February 12, 2025; specifically as relevant here, the budget that is necessary to provide to electricity customers the quality of service required by (a) the Puerto Rico statutes, and (b)



the contracts under which LUMA and Genera provide that service. The Optimal Budget must include the full-Service Fee (which includes the Fixed Fee and the performance incentive fee). The Optimal Budget also must include the costs necessary to give each operator, if it performs prudently, a reasonable opportunity to earn its respective incentive fee.

“Present Rates” refers to the rates in effect as of the time of rate application submitted in this proceeding.

“Proof of Revenue” refers to a schedule showing a pro forma revenue statement that provides the expected or estimated billing determinants, proposed prices, and the resulting base rate revenue, and fuel and purchased power revenue, for the proposed rate classes. The schedule shall also list other revenue.

“Proposed Rates with New Rate Design” refers to rates based on the proposed budget (Constrained or Optimal), proposed revenue allocation, and proposed updates to rate design.

“Proposed Rates with Existing Rate Design” refers to rates based on the proposed budget (Constrained or Optimal) and proposed revenue allocation, but with the existing rate design. These rates will be the baseline used by the Energy Bureau, when evaluating proposed rate designs, to isolate the effect of rate design changes from the impact of changes to revenue requirement and revenue allocation.

“Rate Year” refers to the twelve (12) month period immediately following the estimated date on which new rates established in the rate case would go into effect. For this proceeding, Rate Year means Fiscal Year 2026.

**III. Schedules**

Schedules K through P below apply to the rate design portion of LUMA’s July 3, 2025, submission.

***A. Schedules K-1 through K-2: Cost Allocation and Cost of Service Study***

These schedules will detail the Cost-of-Service Study (“COSS”) and cost allocation factors.

**Schedule K-1** shall show a fully allocated embedded COSS. Provide allocations by customer class in total dollar and percentage formats.

**Schedule K-2** shall provide explanations and calculations for the derivation of each allocation factor used in the Embedded COSS, including all costs, classifications, and allocators (determinants) used in calculations. Provide the complete COSS model in unlocked Excel format. Identify the year and budget assumed and the justification for those choices.

***B. Schedules L-1 through L2: Revenue Allocation***

The application shall include the following schedules. Provide all schedules for the Rate Year and Extension Years and for both Optimal and Constrained Budgets.

**Schedule L-1** shall show the total revenue at Present Rates, and the achieved revenue allocation (at Present Rates) among customer classes. Allocations by customer class shall be provided in total dollars and percentage formats.

**Schedule L-2** shall show the total revenue at Proposed Rates with New Rate Design and the proposed allocation of revenue at Proposed Rates with New Rate Design among customer classes. Allocations by customer class shall be provided in total dollars and percentage formats. Provide explanations of any difference between the percentage cost allocations provided in this schedule (Schedule L-2) and in Schedule K-1.





***C. Schedules M-1 through M-9: Rate and Bill Effects of Proposed Rate Design***

These schedules will document proposed rates and illustrate the effects that proposed changes to rate design would have on customer bills.

**Schedule M-1(a)** shall present the Proposed Rates with New Rate Design by rate class, for both the Rate Year and Extension Years, and for both Optimal and Constrained Budgets. Provide all rate components, including riders that would be included in the customer bill.

**Schedule M-1(b)** shall present a comparison of the rates in Schedule K-1(a) to Present Rates.

**Schedule M-2** shall present a comparison of Proposed Rates with New Rate Design design) to Proposed Rates with Existing Rate Design. For both Proposed Rates with New Rate Design and Proposed Rates with Existing Rate Design, provide these rates for both the Rate Year and Extension Years and for both Optimal and Constrained Budgets. Provide all rate components, including riders that would be included in the customer bill. Summarize all proposed changes and provide rationales for those changes.

**Schedule M-3** shall present sample customer bills based on the Proposed Rates with New Rate Design for each customer class, at varying levels of electricity usage reflecting a spectrum of realistic usage levels. For this exercise, use a single year and a single budget assumption (as opposed to the multiple years and budgets used in Schedules M-1 and M-2).

**Schedule M-4** shall present a customer bill impact analysis that compares (a) bills based on Proposed Rates with New Rate Design with (b) bills based on Present Rates, showing dollar and percent effects for each customer class at levels of electric usage specified in Schedule M-3. For each level of electricity usage, use the same year and budget assumption used in Schedule M-3.

**Schedule M-5** shall present a customer bill impact analysis that compares (a) bills based on Proposed Rates with New Rate Design with (b) bills based on Proposed Rates with Existing Rate Design, showing dollar and percent impacts for each customer class at the same levels of electric usage specified in Schedule M-3. For each level of electricity usage, use the same year and budget assumption used in Schedule M-3.

**Schedule M-6** shall present a Bill Frequency Analysis for customer bills based on Present Rates.

**Schedule M-7** shall present a Bill Frequency Analysis for customer bills based on Proposed Rates with New Rate Design. Use the same year and budget assumption as used in Schedule M-3.

**Schedule M-8** shall present a Bill Frequency Analysis. This Analysis will show the bill increase or bill decrease experienced by customers when the present rates are replaced by the Proposed Rates with New Rate Design. This analysis shall show the quantity of customers experiencing varying levels of these bill impacts within each customer class, with those levels being representative of the full spectrum of potential bill impacts. Use the same year and budget assumption use in Schedule M-3.

**Schedule M-9** shall provide an explanation of whether and how the Proposed Rates with New Rate Design (a) ensure that all customers, including those who self-supply or have procured third-party supply, contribute fairly to the electric system costs that PREPA, LUMA or Genera have historically incurred and continue to incur to serve those customers; and (b) do not shift costs properly attributable to self-supplying or third-party-supplying customers to other customers.



***D. Schedules N-1 through N-3: Billing Determinants for Rate Design and Bill Impacts Analysis***

These schedules will contain data that allow all parties to create alternative rates, based on their own rate designs, and then evaluate those alternative rates based on the billing determinants LUMA used to design Proposed Rates with New Rate Design. All schedules shall include the Audited Year, Interim Years, Rate Year, and Extension Years.

**Schedule N-1** shall present billing determinants by rate class. The billing determinants shall include customer count, customer demand (kW), energy (kWh), energy by tier (for inclining block rates, kWh), hourly energy data used to develop time-of-use rates (if available, kWh data for all 8760 hours, so as to provide a usage profile, for each customer class, showing the kWh consumption at each of a year's 8760 hours), and any other billing determinants needed to calculate rates and bill impacts by rate class.

**Schedule N-2** shall describe LUMA's current plan for implementing advanced metering infrastructure ("AMI") during fiscal years 2026-2028. For each of those years, indicate for each customer class the percentage of customers that, under the Plan, will have AMI. In addition, indicate which customer classes today have optional time-of-use rates. Provide an explanation of, justification for, the current absence of time-of-use rates for the other customer classes.

**Schedule N-3** shall present the projected number of Net Energy Metering ("NEM") customers and total installed NEM capacity (MW-AC) by rate class, for each of FY 2026, FY 2027, and FY 2028.

***E. Schedules O-1 through O-4: Summary of Proposed Tariffs***

These schedules will summarize the proposed tariffs, reflecting all updates to cost allocation and rate design. Provide all schedules for Optimal and Constrained budgets for the Rate Year.

**Schedule O-1** shall present the proposed tariffs.

**Schedule O-2** shall present the current tariffs with changes in redline to show PREPA's proposed tariffs.

**Schedule O-3** shall describe the current riders and surcharges. The description of each rider or surcharge shall include the following: (a) an explanation of the inputs and calculations that produce the charges recovered by the riders, (b) the charges for each month starting July 2024 through the present, and (c) estimated charges for each month from the present through June 2026.

**Schedule O-4** shall describe and support any proposed changes to the current riders and surcharges.

***F. Schedules P-1 through P-4: Additional Policy Questions***

These schedules require from LUMA additional explanations, commentary, or information, as specified.

**Schedule P-1** shall explain why the current customer class definitions remain reasonable in light of changes since 2017 in fact affecting Puerto Rico's electricity system.

**Schedule P-2** shall identify any situation where a consolidation of existing customer classes might assist customers by reducing complexity, increasing efficiency, or otherwise.

**Schedule P-3** shall identify any advantages or disadvantages of placing net-metering customers into their own class.



**Schedule P-4** shall identify any advantages or disadvantages of recovering the costs associated with any one or more of the subsidy categories through the fixed customer charge rather than through the current volumetric charge.

