

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

IN RE: REVIEW OF LUMA'S INITIAL
BUDGET

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Temporary default budgets for
Fiscal Year 2026 ("FY26"), as considered
in the ongoing rate case

RESOLUTION AND ORDER

The Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), as the regulatory entity responsible for overseeing the budgets of the utility providing electric service in Puerto Rico, needs revenue forecasts for Fiscal Year 2026 ("FY26") to evaluate potential inflation adjustments to the Fiscal Year 2025 budget, as amended.

The Energy Bureau seeks to determine whether forecasted revenues for FY26 may provide sufficient capacity to accommodate potential inflation adjustments to the system budget, which encompasses LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), the Puerto Rico Electric Power Authority ("PREPA"), and Genera PR, LLC ("Genera"), without exceeding the spending limitations established in the 2017 Rate Order.

The Energy Bureau notes that any comprehensive budget modifications or rate adjustments will be addressed through LUMA's rate revision petition scheduled for submission on July 3, 2025, pursuant to the calendar established in Case No. NEPR-AP-2023-0003, *In re: Puerto Rico Electric Power Authority Rate Review*.

The Energy Bureau **DETERMINES** that accurate revenue forecasting for FY26 is necessary to assess whether current projected revenues can support inflation-based adjustments to the currently approved system budget within the 2017 Rate Order constraints. Evaluation of potential inflation adjustments to the system budget requires comprehensive revenue projections to ensure any adjustments remain within the FY25 spending parameters and do not exceed established rate order limitations.

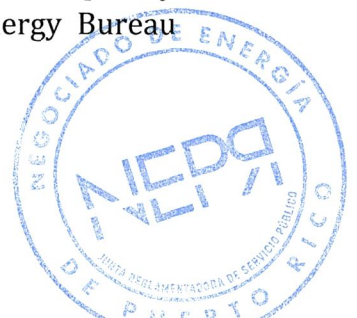
The Energy Bureau **CLARIFIES** that this request is made within the existing FY25 budgets and is limited to inflation adjustment analysis within the current budget structure. This does not constitute budget amendment or modification procedures, it solely evaluates the possibility of inflation adjustments to the system budget based on forecasted revenue capacity.

The Energy Bureau hereby **ORDERS** LUMA to submit, **by June 13, 2025**, a comprehensive revenue forecasts for FY26, including:

- a. Revenue projections by customer class for *Basic Revenue*.
- b. Specify *Other Income* and *Additional Available Funds* amounts.
- c. Assumptions underlying revenue projections.
- d. Comparison with current fiscal year revenue performance.
- e. Analysis of revenue capacity available for potential inflation adjustments in FY26.
- f. Proposed inflation adjustment to the FY25 budget that stays within the bounds of the 2017 Rate Order.

Regarding the Temporary Default Budget, as contemplated in the Transmission and Distribution Operation and Maintenance Agreement ("T&D OMA"), the Energy Bureau **CLARIFIES** that:

1. The FY 2025 Budget, as amended, will remain in effect as the Temporary Default Budget for the commencement of FY26, until the Energy Bureau



establishes permanent rates.¹ The Temporary Default Budget will be modified if the Energy Bureau establishes provisional rates, however, the FY26 Budget will not be established prior to the conclusion of the Rate Review. The proposed FY26 budget (not the Temporary Default Budget) will be the budget used in connection with obtaining the rate adjustment.²

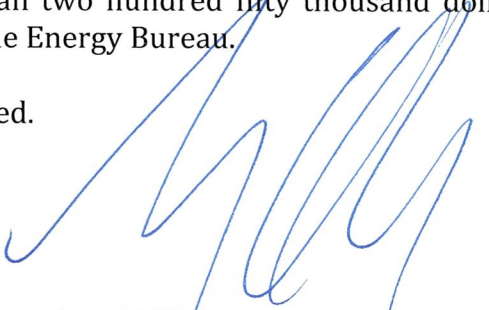
2. Any inflation adjustment to the Temporary Default Budget will not exceed the approved rates in the 2017 Rate Order, except to the extent possible as reflected in the revenue forecast LUMA is here directed to provide.

This Resolution and Order **does not authorize any change to the FY 25 Budget**. It purely compels LUMA to provide the Energy Bureau with the revenue data necessary to determine whether any inflation adjustments for the Temporary Default Budget can be accommodated within the statutory and contractual rate ceiling established by the 2017 Rate Order. **All comprehensive budgetary and rate determinations remain reserved for the formal rate case proceeding.**

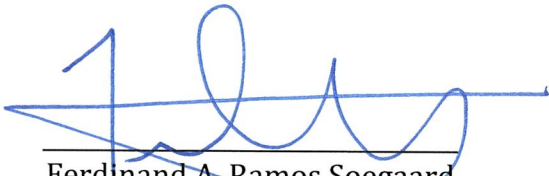
The Energy Bureau **WARNS** LUMA that, in accordance Art. 6.36 of Act 57-2014:³

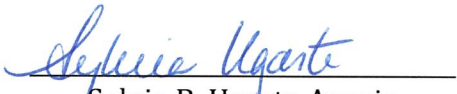
- (i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions of up to one hundred twenty-five thousand dollars (\$125,000) per day; and
- (ii) for any recurrence of non-compliance or violation, the established penalty 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.

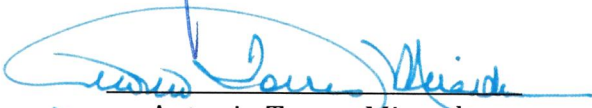
Be it notified and published.



Edison Avilés Deliz
Chairman

Lillian Mateo Santos
Associate Commissioner

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

¹ See, T&D OMA Section 7.3(d).

² Id. at Section 7.3(a).

³ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended (“Act 57-2014”).

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 11, 2025. I also certify that on June 11, 2025 a copy of this Resolution and Order was notified by electronic mail to katuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; mvalle@gmlex.net; arivera@gmlex.net; sromero@sbgblaw.com, jfr@sbgblaw.com, hriviera@jrsp.pr.gov, legal@genera-pr.com; regulatory@genera-pr.com. I also certify that today, June 11, 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, today June 11, 2025.





Sonia Seda Gaztambide
Clerk