

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

NEPR

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

CASE NO.: NEPR-AP-2023-0003

**SUBJECT: Motion in Compliance with
July 8th Order and Bench Orders entered
during July 14th Virtual Conference**

**MOTION IN COMPLIANCE WITH JULY 8TH ORDER AND BENCH ORDERS
ENTERED DURING JULY 14TH VIRTUAL CONFERENCE**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU AND ITS HEARING
EXAMINER, SCOTT HEMPLING:**

COME NOW LUMA Energy, LLC (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”), (jointly referred to as “LUMA”), and respectfully state and request the following:

1. On July 3, 2025, LUMA filed its *Motion Submitting Rate Review Petition* (“Rate Review Petition”) with this Honorable Puerto Rico Energy Bureau (“Energy Bureau”). Therein, it included LUMA’s, Genera PR, LLC’s (“Genera”) and the Puerto Rico Electric Power Authority’s (“PREPA”) witnesses’ pre-filed testimonies; workpapers containing analyses, facts, and calculations; schedules comprising the total utility revenue requirement and other information; and schedules respecting rate design filing requirements, in compliance with the orders and directives entered by the Energy Bureau in this instant proceeding. Moreover, LUMA requested that the Energy Bureau approve a provisional rate pursuant to Section 6.25(e) of the *Puerto Rico Energy Transformation and RELIEF Act*, Act No. 57-2014, to be collected in the interim period while the Energy Bureau is adjudicating the utility revenue requirement.

2. On July 7, 2025, Mr. Scott Hempling, the Hearing Examiner, issued an *Order*¹ (“July 7th Order”) setting deadlines relating to LUMA’s provisional rate request and scheduling a Virtual Conference for July 14, 2025, at 9:30 a.m.²

3. One day later, on July 8, 2025, the Hearing Examiner issued a new *Order*³ (“July 8th Order”) whereby he, amongst other matters, posed clarification questions to LUMA, PREPA, and Genera regarding the calculation and justification of the proposed provisional rates. With regards to LUMA, the Hearing Examiner requested the following:

1. Re Mr. Figueroa’s testimony, Ex. 1.0: Explain fully the total provisional revenue requirement amount attributable to LUMA alone. The explanation should show, among other things, the relationship between the \$396.8M in high-priority, noncontroversial items (Table 12, bottom) and the 970M in Table 10 (top). The response should include an equation displaying the relationship to the total provisional revenue requirement of the following: Outage Event amounts, inflation adjustment, the 2% contingency amount, and the high-priority-and-noncontroversial items. Include, if helpful, a revised Table 10 or Table 12 that makes these relationship clear. Also provide an explanation that traces these amounts to specific cells in Ex. 1.06.

2. Explain fully these items in Ex. 1.0 Figure 10: “Other” (\$576M) and “Net Operating Income” (\$178M).

¹ See *Hearing Examiner's Order Setting Deadlines Relating to Provisional Rates; Granting Requests to Intervene of SESA and Walmart; Clarifying Provisional-Rate Terminology; Providing for Limited Informal Communications; and Correcting Testimonial Error*. Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2025/07/20250707-AP20230003-Hearing-Examiner-Order.pdf>.

² The Order stated that during the Conference:

(a) LUMA can respond, to the extent feasible, to the questions it has received about the provisional rate; and
(b) the Energy Bureau's consultants, and other parties, can ask LUMA additional questions about its request. When that discussion of the provisional-rate request has ended, I will allow questions, if any, seeking clarification from LUMA, Genera, or PREPA about their general rate application. I will confine those questions to those relating to how the application and specific spreadsheets and other exhibits are organized. When that discussion ends, we will assess together whether additional technical conferences on the general application would be useful.

See July 7th Order, at p. 2.

³ See *Hearing Examiner's Order Posing Clarification Questions About July 3 Rate Application, Addressing Two Genera Motions, Noting Correction of Discrepancy in LUMA's Proposed Provisional-Rate Rider Amount, and Granting Requests to Intervene*. Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2025/07/20250708-AP20230003-Hearing-Examiner-Order.pdf>.

3. Re Ex. 1.0, Figure 10: What was LUMA's basis for including for PREPA and Genera provisional-rate values equal to the permanent-rate values?

See July 7th Order, at pp. 1-2.

4. On July 14, 2025, the above-mentioned Virtual Conference was held as scheduled, and pursuant to an agenda circulated to all participants by the Hearing Examiner on Friday, July 11, 2025. Per said agenda, LUMA's witnesses⁴ appeared before the Hearing Examiner and the Energy Bureau's consultants to address key topics outlined for discussion, including clarification of errata and document locations, inflation rates used by in the Rate Review Petition, the mechanics of calculating and billing the provisional-rate rider amounts, including the potential for separate riders for pension and non-pension costs, and the treatment of uncollectibles, the timing and duration of revenue collection under the provisional rates, and the statutory effective date for provisional rates, amongst other matters.

5. During the July 14th Virtual Conference, the Hearing Examiner and the Energy Bureau's consultants entered several bench orders, mainly aimed at receiving – **in writing** – LUMA's responses to the questions addressed by its witnesses during said hearing, in order to ensure a clear and accurate written record.⁵

6. In compliance with the Energy Bureau's July 8th Order, LUMA hereby submits as *Exhibit 1* to this Motion its responses to the Hearing Examiner's July 8th clarification questions.

⁴ The Hearing Examiner's questions were answered by LUMA's Alejandro Figueroa, Chief Regulatory Officer, Andrew Smith, Chief Financial Officer, and Jessica Laird, Vice President of Customer Experience, as well as Expert Witness, Sam Shannon, Associate Director from Guidehouse.

⁵ Specifically, the Hearing Examiner and the Energy Bureau's consultants requested that LUMA submit written responses to the "How to Find" Questions regarding LUMA Schedule A-1, contained at page 3 of the July 14th Agenda for the July 14th Virtual Conference. *See Exhibit 2.*

Moreover, the Hearing Examiner requested LUMA to submit in writing what was explained by LUMA's Jessica Laird, with regards to the mechanics of LUMA's billing cycles and why once a hypothetical provisional rate rider amount becomes effective September 1st, 2025, LUMA would bill customers according to their billing cycles, thus applying the prospective provisional rate to past consumption. *See Exhibit 3.*

Per the Hearing Examiner's request, *Exhibit 1* helps illustrate the build up to the \$970 million total provisional rate revenue requirement provided by LUMA in Table 10 of Alejandro Figueroa's prefiled testimony in support of LUMA's Rate Review Petition, and also fully explains the "Other" and "Net Operating Income" components of said Table 10. Moreover, *Exhibit 1* submits a corrected version of Table 12 in Alejandro Figueroa's prefiled testimony.⁶

7. Moreover, LUMA is also filing herewith its responses to the bench orders entered during the July 14th Technical Conference. *See Exhibits 2 and 3.*⁷

WHEREFORE, LUMA respectfully requests that the Hearing Examiner **take notice** of the aforementioned; **accept** LUMA's responses and clarifications filed herewith; and **deem** LUMA in compliance with the July 8th Order, as well as the bench orders entered during July 14th Technical Conference.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of July, 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this Motion will be notified to Hearing Examiner, Scott Hempling, shempling@scotthemplinglaw.com; and to the attorneys of the parties of record. To wit, to the **Puerto Rico Electric Power Authority**, through: Mirelis Valle-Cancel, mvalle@gmlex.net; Juan González, jgonzalez@gmlex.net; Alexis G. Rivera Medina, arivera@gmlex.net; and Juan Martínez, jmartinez@gmlex.net; and to **Genera PR, LLC**, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com; Gabriela Castrodad, gcastrodad@sbgblaw.com;

⁶ By way of *Exhibit 1*, LUMA also submitted a revised version of LUMA's Provisional Rate Workpapers, Ex. 1.06 to LUMA's Rate Review Petition. Said revised version contains a new Tab "1.4 – Table 12 Linked," with formulas intact that trace the requested high priority and non-controversial items to the specific cell or combination of cells in Tabs "1.2 – LUMA T&D Operating" and "1.3 NFC Summary by Dpt PB". These revised workpapers have been submitted with the Honorable Energy Bureau via email. LUMA respectfully requests the Energy Bureau to replace the original Ex. 1.06 to LUMA's Rate Review Petition with the revised version of LUMA's Provisional Rate Workpapers filed herewith.

⁷ On May 9, 2025, this Energy Bureau issued a Resolution and Order, which established a requirement that all substantive English-language filings be accompanied by concise Spanish summaries to enhance public accessibility and participation ("March 9th Order"). On reconsideration, said directive was modified by way another Resolution and Order issued on June 4, 2025 Order, which clarified that full translations are optional but summaries are mandatory and must be filed concurrently with the original English documents. ("June 4th Order"). In compliance with the Energy Bureau's standing directives regarding accessibility and ensuring citizen participation, LUMA hereby submits a Spanish-language summary of the present Motion. *See Exhibit 4.*

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Exhibit 1

Rate Review

Clarification Questions About July 3 Rate Application NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250708-PREB-001

SUBJECT

Provisional Rate Request

REQUEST

Re: Mr. Figueroa's testimony, Ex. 1.0: Explain fully the total provisional revenue requirement amount attributable to LUMA alone. The explanation should show, among other things, the relationship between the \$396.8M in high-priority, noncontroversial items (Table 12, bottom) and the 970M in Table 10 (top). The response should include an equation displaying the relationship to the total provisional revenue requirement of the following: Outage Event amounts, inflation adjustment, the 2% contingency amount, and the high-priority-and-noncontroversial items. Include, if helpful, a revised Table 10 or Table 12 that makes these relationship clear. Also provide an explanation that traces these amounts to specific cells in Ex. 1.06.

RESPONSE

Table 10 provides a summary of the provisional revenue requirement for the entire system. Table 12 provides a listing of the line items (and costs) for LUMA's provisional revenue requirement that are identified as being high priority and noncontroversial.

The \$970M in Table 10 represents LUMA's provisional revenue requirement using the FY2025 approved budget as a starting point, applying an inflation factor, adding incremental High Priority and Noncontroversial ("HPNC") items plus 2% for Excess Expenditures.¹

¹ Pursuant to Section 7.3(b) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

Rate Review

Table 1-1 helps illustrate the build up to the \$970M:

Table 1-1. LUMA Provisional Rate Revenue Requirement

Item	(\$000s)
LUMA FY2025 Approved Budget	692,661
Inflation	23,814
LUMA FY2026 Default Budget	716,475
Incremental HPNC	
O&M	67,742
NFC	186,363
Subtotal	254,105
Total	\$970,580

The steps taken to arrive at the provisional revenue requirement are as follows:

1. The starting point is LUMA's FY2025 Approved Budget of approximately \$692M.
2. An Inflation adjustment of 1.03438 was applied to the LUMA FY2025 budget, in accordance with Section 7.3(d) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA), resulting in a Default Budget, as such term is defined in the T&D OMA of approximately \$716M.²
3. LUMA then identified and added the High Priority and Noncontroversial ("HPNC") items (a combination of both Operations and Maintenance ("O&M") expenses and non-federal capital ("NFC")), inclusive of a 2% Excess Expenditure amount, consistent with Section 7.3(b) of the T&D OMA, resulting in a total HPNC amount of approximately \$254M.
4. The sum total, as shown in Table 1-1 above, is approximately \$970M.

The approximately \$397M referenced in Table 12 refers to the sum of the \$120M in Outage Event Reserve Account funding proposed to be collected through the provisional rate, the approximately \$24M in inflation referenced in point 2 above, and the approximately \$254M in HPNC items. However, after filing the rate review petition, LUMA identified an error in Table 12 on the system stabilization projects. The requested funding for the provisional rate revenue requirement should have been \$119.4 million and not \$122.4 million.

² See NEPR-AP-2023-0003, Resolution and Order RE: Revisions and Additions to February 12 Order on Rate Case Procedures, Section II.C. recognized that LUMA and Genera would operate under their default budgets given that on July 1, 2025 a budget would not be approved until well into the fiscal year, page 5.

Rate Review

Table 1.2 reflects the corrected version of Table 12 in Mr. Figueroa's Testimony. Further, Table 1.2 removes the amounts associated with the Outage Event Reserve Account (~\$120M) and inflation (~\$24M) such that it reflects only those HPNC items listed as incremental to the Outage Event Reserve Account and the Default Budget. Nonetheless, LUMA maintains its position that all three components (the Outage Event Reserve Account, the inflation adjustment and the HPNC items should be, together, considered as High Priority and Noncontroversial for purposes of the Energy Bureau's review and approval of a provisional rate.

In summary, the \$970M is comprised of the \$692M FY2025 LUMA Budget, the \$24M inflation adjustment and the \$254M in HPNC items. The \$120M in Outage Event Reserve Account funding is separate and incremental to this amount.

Rate Review

Table 1.2 – Alejandro Figueroa Testimony Table 12 (Updated)

Table 12. High priority and noncontroversial items to be collected through provisional rates (\$M)				
Department	High priority and noncontroversial item	O&M	NFC	Total
Customer Experience	Payment Processing Fees	\$4.5	-	\$4.5
Operations	Vegetation Management	24.0	-	24.0
	Substation Maintenance	21.0	-	21.0
	System Operations	2.0	-	2.0
	Transmission priority pole replacements		\$5.7	\$5.7
	Substation Reliability	-	\$6.5	\$6.5
	Substation Rebuilds		\$1.2	\$1.2
	Aviation (Fleet)	-	\$3.0	\$3.0
Capital Programs & Grid Transformation	System Stabilization Projects	-	\$119.4	\$119.4
	Wildfire Mitigation Infrastructure Hardening	-	\$11.7	\$11.7
	Land Purchases for BESS	-	4.0	4.0
IT OT	Fixed Cost Absorption - Termination of Shared Services	4.2	-	4.2
	Collaboration & Analytics	-	1.1	1.1
	O&M Support for Critical Initiatives	7.2		7.2
	Cybersecurity	-	0.8	0.8
	Technology Enablement	-	3.3	3.3
	Asset Management	-	2.1	2.1
Fleet	Vehicle & Heavy-Duty Equipment Leases	2.6	-	2.6
	Vehicle & Heavy-Duty Equipment Purchases	-	3.8	3.8
Facilities	Existing Rent/Lease Renewals	0.6	-	0.6
	Development & Implementation	-	20.3	20.3
Finance	A-schedules Budgeting	0.5	-	0.5
	Subtotal	66.4	182.7	249.1
	2% for Excess Expenditure	1.3	3.7	5.0
	Total	67.7	186.4	254.1

Rate Review

LUMA hereby submits Ex. 1.06 with (new) Tab “1.4 – Table 12 Linked,” with formulas intact that trace the requested high priority and non-controversial items to the specific cell or combination of cells in Tabs “1.2 – LUMA T&D Operating” and “1.3 NFC Summary by Dpt PB.” For more information on the HPNC items identified, please also refer to the witness testimony(ies) for the department(s) identified.

Rate Review

Clarification Questions About July 3 Rate Application NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250708-PREB-002

SUBJECT

Provisional Rate Request

REQUEST

Explain fully these items in Ex. 1.0 Figure 10: “Other” (\$576M) and “Net Operating Income” (\$178M).

RESPONSE

The \$576 million submitted in Table 10 in Mr. Figueroa’s testimony is an incorrect number. The correct number is \$505 million.

Given that Genera originally requested the Optimal Budget to be sought as part of the provisional rate, Genera’s provisional rate request was stated as the sum of its total operating expenses and non-federally funded capital, which was stated as totaling \$597 million. However, the \$576 million number included \$41 million for Energy Efficiency (EE), which is funded separately by a rider of the same name and, thus, should not have been contemplated as part of the “Other” costs. The sum of \$30 million was also erroneously included in the \$576 million for Genera’s Storm Reserve Account.

For clarity, Genera did not request that the \$30 million reserve amount be included in the Provisional Rate, this was inadvertently included by LUMA. Thus, the correct number should have been \$505 million (\$576M - \$71M (\$41M+\$30M)).

A summary of “Other” costs, with all items that are included in it is identified in Tab “0.0 – System Funding Summary” of Exhibit 1.06 *Provisional Rate Workpapers*. That table identifies the sum total of “Other” costs and the individual line items comprising it. It also lists references to the general application filing schedules, where those numbers can be found. For convenience, that table is reproduced below.

Rate Review

Figure 2-1. System Funding Summary – Provisional Rates

1		2	5
		Reference	Total
1	LUMA Provisional Rate Budget (FY2026)	Schedule 1.1 of this workbook	\$ 970,580
2	Outage Reserve	Schedule 1.0 of this workbook	\$ 120,000
3	Genera Provisional Rate Budget (FY2026)	Schedule C-2 Optimal, Rows 49 & 66	\$ 596,559
4	PREPA Placeholder (FY2025 + 5%)	Based on FY2025 Approved Budget + 5%	\$ 50,063
5	Other		\$ 505,116
6	LUMA Operator Fee	Schedule C-2 Constrained, Row 50	\$ 139,367
7	Genera Fixed Fee	Schedule C-2 Optimal, Row 55	\$ 26,585
9	Bad Debt	Schedule C-2 Constrained, Row 51	\$ 129,957
10	Bankruptcy and Advisor Costs	Schedule C-2 Constrained, Rows 42 & 43	\$ 51,664
11	Federal Cost Share Match - LUMA	Schedule C-2 Constrained, Row 66	\$ 90,139
12	Federal Cost Share Match - Genera	Schedule C-2 Constrained, Row 66	\$ 67,403
13	Net Operating Income	Schedule B-1 Constrained, Row 22	\$ 177,671
14	Total Provisional Revenue Requirement		\$ 2,419,989
	Less: Projected Other Income	Schedule B-1 Constrained, Row 20	-\$ 56,501
	Less: Projected Revenues at Present Rates	Schedule B-1 Constrained, Row 17	-\$ 1,179,202
	Deficiency to be Funded by Provisional Rates		\$ 1,184,285

The cost items included in Other are: LUMA and Genera Operator fees, Bankruptcy and Advisor costs, and Federal Cost Share Match for both LUMA and Genera.

Table 10 in Mr. Figueroa's testimony should have appeared as stated below. LUMA will henceforth submit a revised testimony for Mr. Figueroa:

Table 2-1. Provisional Rate versus Permanent Rate for FY2026

(\$ millions)	Provisional Rate Proposal	Permanent Rate Proposal	Variance
GridCo Opex and Capex	\$970	\$1,231	(\$261)
GridCo – Storm Costs	\$120	\$120	-
GenCo Opex and Capex	\$597	\$597	-
HydroCo Opex and Capex	\$14	\$14	-
HoldCo Opex and Capex	\$36	\$36	-
Other	\$505	\$505	-
Net Operating Income	\$178	\$178	-
Total¹	\$2,420	\$2,681	(\$261)

¹ Figures may not match the above narrative due to rounding

Rate Review

LUMA notes the \$2,420 in amended Table 10 above, matches line 14 “**Total Provisional Revenue Requirement**” on line 14 in “Tab 0.0 – System Funding Summary” of Exhibit 1.06 *Provisional Rate Workpapers*.

With respect to Net Operating Income, Schedule(s) B-1 of the filing schedules for the general rate application contain the derivation of the \$178 million. See Schedule B-1 – Optimal at Line No. 22, or Schedule B-1 – Constrained at Line No. 23. The \$178 million is the same in both schedules because the Total Debt Service number that is the basis for calculating net operating income is the same in both budgets (i.e., Optimal and Constrained).

The Total Debt Service number is \$592 million as identified in the Schedule B-1 – Optimal and Schedule B-2 – Constrained Line No. 28. As shown in that schedule, this number is the sum of Legacy Debt Obligation and Legacy Pension Obligation:

Table 2-2. Total Debt Service

Legacy Obligation	Test Year FY2026	Source
Legacy Debt Obligation	254,658,456	Schedule B-3, Line No. 23, which is the sum of principal and expected debt interest payments on Series A and Series B bonds in a Low Scenario based on the Plan of Adjustment filed on March 28, 2025
Legacy Pension Obligation	337,577,969	Schedule B-3, Line No. 44, which is the sum of PAYGO Funding for PREPA ERS, and Retiree Medical Benefits (OPEB))
Total Debt Service	592,236,424	

The Title III Charges were provided to LUMA by PREPA and can be validated in lines 23 and 44 of Schedule B-3 Debt Service Requirements.

Then, as shown in Schedule B-4, LUMA sought to apply a total debt service coverage ratio of 1.3. Based on this coverage ratio, the estimated Total Debt Service cost for FY2026 of \$592,236,424 was multiplied by 0.3 to reach \$178 million. As discussed in the testimony of Andrew Smith, this Net Operating Income is an amount of revenue in excess of the Puerto Rico Electric Power Authority (PREPA) spending for each test year that is necessary for PREPA to show positive cash flow to satisfy future lenders when it emerges bankruptcy.³

Table 2-3. Calculation of Net Operating Income

Description	FY2026	Calculation
Total Debt Service	592,236,425	Sum of values identified above
Target Adjusted Operating Net Income (ADSC Ratio of 1.3x)	177,670,927	=592,236,425 * 0.3

³ Q/A 58 of LUMA Ex. 2.0, Direct Testimony of Andrew Smith of LUMA Motion Submitting Rate Review Petition dated July 3, 2025, Docket No. NEPR-AP-2023-0003.

Rate Review

LUMA notes that the 2017 Rate Order established a minimum debt service coverage ratio of 1.20 “required by the 1974 Trust Indenture, [that] will signal to the investment community the Commission’s support for PREPA’s efforts to improve its financial position.”⁴

⁴ Paragraph 273 Section E. Finance Costs, 2. Debt service coverage ratio, of Final Resolution and Order of January 10, 2017, Docket No. NEPR-AP-2015-0001.

Rate Review

Clarification Questions About July 3 Rate Application NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250708-PREB-003

SUBJECT

Provisional Rate Request

REQUEST

Re Ex. 1.0, Figure 10: What was LUMA's basis for including for PREPA and Genera provisional-rate values equal to the permanent-rate values?

RESPONSE

Genera confirmed to LUMA on July 1, 2025, that it would be seeking its Optimal Budget as part of the provisional rate request. Given the delays in receiving the revenue requirement from the Puerto Rico Electric Power Authority (PREPA), LUMA, acting in good faith, proceeded with PREPA's proxy revenue requirement (i.e., FY2025 Budget indexed +5%) as part of the provisional rate.

Exhibit 2

Rate Review

Responses for Information on Immediate “How to Find” Questions

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250711-PREB-001

SUBJECT

Re Exhibit A-1

REQUEST

Where are Process Development and Governance Functions addressed?

RESPONSE

There is a Process Development and Governance subdepartment included as part of LUMA's Customer Experience department. Costs for this subdepartment are elaborated on in LUMA Exhibit 7.0 Direct Testimony of Jessica Laird – Customer Experience, and specific costs can be found on line 152 of the A schedules.

Rate Review

Responses for Information on Immediate “How to Find” Questions

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250711-PREB-002

SUBJECT

Re Exhibit A-1

REQUEST

Where are Corporate Services addressed?

RESPONSE

Corporate Services is an umbrella term that includes the departments listed below. References to the A-schedules are also included.

Department	A-Schedule Reference
1. Internal Audit	Line 99
2. Corporate Communications	Line 141
3. Emergency Preparedness	Lines 300 & 301 for O&M and NFC, and Line 302 for information technology-related costs
4. Fleet	Line 296 & 298. LUMA notes line 297 Fleet O&M (Aviation) falls under the Operations budget and not Corporate Services
5. Real Estate and Facilities	Lines 294 & 295
6. Corporate Security	Line 216 relates to LUMA's hired security guards & Line 101 relating to security enabling technologies (namely cameras). For the full picture of the Corporate Security budget please refer to Exhibits 2.03 and 2.04 referred to below
7. Health and Safety	Line 299

To be helpful, LUMA submits costs for the departments comprising Corporate Services can also be found in the following locations:

Rate Review

- LUMA Exhibit 2.03 Optimal Budget Workpapers, Tab “5.2.1 Support Services Detailed”
 - FY2026: Columns G-N
 - FY2027: Columns Y-AF
 - FY2028: Columns AQ-AX
- LUMA Exhibit 2.04 Constrained Budget Workpapers, Tab “5.2.1 Support Services Detailed”
 - FY2026: Columns G-N
 - FY2027: Columns Y-AF
 - FY2028: Columns AQ-AX
- LUMA Exhibit 2.0 Direct Testimony of Andrew Smith – Finance
 - Section VIII. Other Costs

Rate Review

Responses for Information on Immediate “How to Find” Questions

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250711-PREB-003

SUBJECT

Re Exhibit A-1

REQUEST

Where is Strategic Affairs addressed? LUMA states it does not have a credible basis or available information to make an estimate of costs and requests a waiver, however, in the FY 25 budget filing a Strategic Affairs Department is included but not explained.

RESPONSE

Strategic Affairs as a distinct and separate business component does not currently exist. Functions previously performed by the Strategic Affairs component have been subsumed into other operating components of LUMA, including Corporate Communications and Regulatory.

Rate Review

Responses for Information on Immediate “How to Find” Questions

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250711-PREB-004

SUBJECT

Re Exhibit A-1

REQUEST

Where is the Excess Expenditure Reserve addressed?

RESPONSE

The 2% reserve for Excess Expenditures was not included in the filing requirements for the A-schedules and is, therefore, not addressed in the A schedules. For further clarity, the 2% for Excess Expenditures is not included (or excluded) for any specific departmental budget. Rather, it is an amount that is layered on top of the LUMA total budget.

The Excess Expenditure amounts can be viewed in schedule *C-2 Optimal*, and *C-2 Constrained* at Line No. 52 as well as, for purposes of the Provisional Rate request, in Exhibit 1.06.

Exhibit 3

Rate Review

Responses for Information on Bench Order during July 14 Technical Conference

NEPR-AP-2023-0003

Response: ROI-LUMA-AP-2023-0003-20250714-PREB-001

SUBJECT

Customer Service

REQUEST

What kWh will be the basis for the bills that go out?

RESPONSE

In utility billing, there are typically three cycles: 1) the read cycle, 2) the charge cycle, and 3) the billing cycle. The billing cycle is the date on which the bill is issued to each customer. The customer's bill may reflect consumption from the previous month because the current meters provide monthly consumption from a point-in-time in one month to a point-in-time in the next month (the read cycle). PREPA's metering infrastructure, which LUMA is in the process of updating, does not have the capability to obtain interval readings, which allow for more precise day/hour billing. Therefore, LUMA focuses on the billing cycle kWh (using monthly meter reads) as the basis for bills that go out charging the new provisional rate. LUMA notes this is what is currently done when the Energy Bureau approves FCA and PPCA factors that are applied prospectively. That is, LUMA bills using the same "billing cycle method" described herein.

Exhibit 4

*Moción en Cumplimiento de la Orden del 8 de julio y las Órdenes emitidas durante la
Conferencia Técnica del 14 de julio,*
presentada por LUMA Energy, LLC y LUMA Energy ServCo, LLC

Junto con su d Petición de Revisión Tarifaria, presentada en cumplimiento con las directrices del Negociado de Energía de Puerto Rico, LUMA solicitó la aprobación de una tarifa provisional conforme a la Ley de Transformación y ALIVIO Energético de Puerto Rico, Ley Núm. 57-2014.

El 8 de julio de 2025, el Oficial Examinador emitió una orden solicitando aclaraciones a LUMA, la Autoridad de Energía Eléctrica (AEE) y Genera PR, LLC (Genera) sobre el cálculo y justificación de las tarifas provisionales propuestas. Específicamente, el Oficial Examinador le requirió a LUMA lo siguiente:

1. Con respecto al testimonio del Sr. Alejandro Figueroa, Ex. 1.0: Explique el monto total del requisito de ingresos provisionales atribuible solo a LUMA. La explicación debería mostrar, entre otras cosas, la relación entre los 396.8 millones de dólares en costos de alta prioridad y no controversiales (Tabla 12, abajo) y los 970 millones de la Tabla 10 (arriba). La respuesta debe incluir una ecuación que muestre la relación con el requerimiento de ingresos provisionales totales de lo siguiente: montos de eventos de interrupción, ajuste por inflación, el monto de contingencia del 2% y los elementos de alta prioridad y no controversiales. Incluye, si es útil, una Tabla 10 o Tabla 12 revisada que aclare estas relaciones. Proporcione también una explicación que rastree estas cantidades a celdas específicas en Ex. 1.06.
2. Explique estos elementos en la Tabla 10 de Ex. 1.0: “Otros” (576 millones de dólares) e “Ingresos operativos netos” (178 millones de dólares).
3. Respecto al Ex. 1.0, Table 10: ¿En qué se basó LUMA al incluir para la AEE y Genera los valores de tarifa provisional iguales a los valores de tarifa permanente?

El 14 de julio de 2025 se celebró una Conferencia Técnica Virtual donde los testigos de LUMA respondieron a preguntas del Oficial Examinador y los consultores del Negociado de Energía de Puerto Rico, abordando temas como la mecánica de cálculo y facturación de la tarifa provisional, el tratamiento de costos de pensiones y cuentas incobrables, y la aplicación de la tarifa provisional según los ciclos de facturación de los clientes.

Hoy, 14 de julio de 2025, LUMA presentó una *Moción en Cumplimiento de la Orden del 8 de julio y las Órdenes emitidas durante la Conferencia Técnica del 14 de julio*, mediante la cual presentó por escrito sus respuestas a la orden del 8 de julio, así como las preguntas y órdenes emitidas durante la Conferencia Técnica Virtual.

LUMA explicó que el requerimiento provisional de ingresos de \$970 millones se compone del presupuesto aprobado para el año fiscal 2025, un ajuste por inflación y partidas identificadas como de alta prioridad y no controversiales (HPNC, por sus siglas en inglés), además de un 2% para gastos en exceso. Aclaró que el monto de \$396 millones mencionado en la Tabla 12 del testimonio del Sr. Alejandro Figueroa incluye fondos para la reserva de eventos de apagones, el ajuste por

inflación y los ítems HPNC. También corrigió errores en cifras previas y detalló la relación entre los distintos componentes del presupuesto.

Sobre la estructura organizacional, LUMA indicó que la función de Desarrollo de Procesos y Gobernanza está dentro del departamento de Experiencia del Cliente, mientras que los Servicios Corporativos abarcan varios departamentos como Auditoría Interna, Comunicaciones Corporativas, Seguridad, Salud y Seguridad, entre otros, con referencias específicas a las líneas presupuestarias. El área de Asuntos Estratégicos ya no existe como departamento independiente y sus funciones han sido absorbidas por otras áreas.

Respecto a la reserva para gastos excesivos (2%), LUMA señaló que no está asignada a ningún departamento específico, sino que se suma al presupuesto total y puede consultarse en ciertos anexos presupuestarios; a saber, C-2 Optimo y C-2 Restringido, al igual que en el Ex. 1.06, relacionada la solicitud de tarifa provisional.

Finalmente, sobre la facturación, LUMA explica que utiliza el consumo de kWh del ciclo de facturación basado en lecturas mensuales de los medidores, ya que la infraestructura actual no permite lecturas por intervalos más precisos. Este método es consistente con la forma en que se aplican otros factores tarifarios aprobados por la autoridad reguladora.