

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

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IN RE:
IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO. NEPR-MI-2020-0001

**SUBJECT: Submission of PPCA Recalculated
Factor for August and September 2025**

**MOTION SUBMITTING PPCA RECALCULATED FACTOR
FOR AUGUST AND SEPTEMBER 2025**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

I. Introduction

As Operator of the Puerto Rico Electric Power Authority’s (“PREPA”) Transmission and Distribution System (“T&D System”), and in furtherance of its duties as agent of PREPA regarding system regulatory matters under Section 5.6 of the *Puerto Rico Transmission and Distribution Operation and Maintenance Agreement* (“T&D OMA”), supplemented by the Puerto Rico Transmission and Distribution System Supplemental Terms Agreement, LUMA prepares quarterly reconciliations and proposed calculated factors for the Fuel Charge Adjustment (“FCA”), the Purchased Power Charge Adjustment (“PPCA”), and the Fuel Oil Subsidy (“FOS”) riders.

Furthermore, every month, LUMA re-estimates by comparing the re-estimated recovery of fuel purchased and purchased power for the quarterly period. Should the re-estimated fuel purchase and purchased power expenses deviate from the estimates by more than \$20 million, LUMA re-estimates the FCA and PPCA factors to provide an expected value of zero for the quarterly period.

The Final Rate Order of 2017, issued on January 10, 2017, Case CEPR-AP-2015-0001, as amended (“Final Rate Order”) and PREPA’s tariff book, require the calculation of the FCA and PPCA riders reconciliation to ensure that the costs the power purchased from private generators and of fuel used for generation by PREPA (now the responsibility of Genera PR, LLC (“Genera”)) are passed through to customers without any markup, profit or additional charges that would benefit PREPA.

LUMA does not own or operate generation facilities, does not purchase fuel for generation, and does not determine the impact of fuel costs on customer rates. LUMA’s operational costs are not included in the FCA, PPCA, and FOS riders. LUMA is responsible for calculating the factors based on the information provided by Genera and other private generators on a quarterly basis, or earlier if the accelerated adjustment threshold is met. LUMA does not benefit financially from any change in fuel generation costs. Likewise, LUMA has no control over the price of fuel used for generation or how this fuel is used.

The reconciliation for the PPCA riders that are submitted herewith for August and September 2025 is consistent with the approved and currently existing PREPA Tariff Book and the Final Rate Order.

LUMA’s submission also includes Excel spreadsheets filed publicly via email in a file entitled *Values* submitted with this Motion. With this motion, LUMA is submitting via email confidential Excel spreadsheets with formulae intact, submitted in a file entitled *Confidential*. As explained in Section VIII *infra*, it is hereby respectfully requested that this Energy Bureau accept and maintain the files and spreadsheets submitted in the file, *Confidential*, under seal of confidentiality.

II. Procedural Background

Pursuant to orders entered in cases nos. CEPR-AP-2015-0001, NEPR-AP-2018-0003, and NEPR-MI-2020-001, the Honorable Energy Bureau approves and revises the factors associated with several riders, including the FCA, PPCA, and FOS. These riders are reconciled and set quarterly.

Furthermore, every month, LUMA conducts a re-estimation process in which it compares the updated projections of fuel purchase and purchased power costs against the original estimates for the applicable quarterly period. In accordance with established regulatory protocols and the methodologies outlined in the approved Tariff Book, if the re-estimated fuel purchase or purchased power expenses deviate from the previously forecasted amounts by more than \$20 million, LUMA is required to recalculate the FCA and PPCA factors. This recalibration is performed to ensure that the adjustment factors are set at levels that will result in an expected net recovery of zero for the relevant quarterly period, thereby minimizing the risk of significant over- or under-recovery from customers.

On July 7, 2025, the Energy Bureau issued a Resolution and Order (the “July 7th Order”), which established critical regulatory directives regarding the reserve associated with the proposed amendment to the General Operation and Maintenance Agreement (“GOMA”). The July 7th Order mandated the immediate refund of \$40 million previously collected from consumers through the FCA mechanism. This refund was ordered due to the lack of a finalized and duly authorized amendment to the GOMA.

The July 7th Order also expressly revoked the directive issued on June 30, 2025, which had authorized LUMA to recover \$30 million over a three-month period (\$10 million per month) related to the proposed GOMA amendment. In addition, the Energy Bureau required LUMA to retain the amount of six million, eighty-one thousand, seven hundred three dollars and fifty cents

(\$6,081,703.50), which was identified as the eligible incentive for fuel savings under the 2024 contract year with Genera. The July 7th Order directed that this reserved amount be maintained for its designated purpose, as previously established by the Energy Bureau.

The July 7th Order required the implementation of an accelerated adjustment to the FCA for the period of August through September 2025. LUMA was ordered to maintain the reserved incentive amount and to submit the actual fuel purchase costs for June 2025 as soon as such data became available. This requirement was imposed to support the accelerated adjustment process and to guarantee the accuracy and transparency of the cost recovery mechanisms.

Therefore, in compliance with the July 7th Order, on July 15, 2025, LUMA submitted a *Motion Submitting FCA and PPCA Accelerated Reconciliation for June 2025 and Recalculated Factors for August and September 2025* (the “July 15th Order”). LUMA recalculated the applicable adjustment factors in strict compliance with the approved Tariff Book and submitted the recalculated factors and all supporting documentation for the Energy Bureau’s review and consideration. Subsequently, on July 17, 2025, the Energy Bureau issued a further Resolution and Order approving the accelerated clause factors for both the FCA and PPCA, to be effective from August 1, 2025, through September 30, 2025.

On July 22, 2025, the Energy Bureau issued a Resolution and Order with the subject *Costos de Interconexión Asociados al Tramo 1 de Proyectos de Energía Renovable* (the “July 22nd Order”), establishing specific directives regarding the recovery of interconnection costs associated with Tranche 1 renewable energy projects. Pursuant to the June 30th Order, the Energy Bureau has authorized LUMA to recover from customers, through the PPCA rider mechanism, a total of \$24,716,398 corresponding to the months of July, August, and September. As of September 2025, the Energy Bureau has authorized to recover from customers a total amount of \$76,049,193.97 in

Tranche 1 interconnection costs. The Energy Bureau further determined to rescind the previously approved recovery of \$16,477,598.66 for August and September 2025, and expressly ordered that such amounts are not to be collected from ratepayers during this period. In compliance with the Resolution and Order, LUMA was required to submit, within five (5) days, a revised PPCA factor for August and September 2025, reflecting the exclusion of the amounts above. Additionally, PREPA was directed to authorize and effectuate the transfer of \$59,571,595.31, which is the total amount approved for recovery through July 31, 2025, to LUMA, and to certify such transfer to the Energy Bureau within five (5) days. LUMA was further ordered to establish a restricted reserve account with the transferred funds, to be used exclusively for the payment of Tranche 1 interconnection costs, and to provide immediate notification to the Energy Bureau upon receipt of said funds. The July 22nd Order also requires LUMA to exclude any amounts related to Tranche 1 interconnection costs from all future quarterly PPCA factor proposals, commencing with the proposal effective October 1, 2025, until further directive from the Energy Bureau.

Exercising its role and duties over system regulatory matters pursuant to Section 5.6 of the T&D OMA, LUMA's role is to perform the reconciliations and calculate the proposed factor for the PPCA, to be reviewed, modified, and approved by this Energy Bureau.

The foregoing motion is being submitted in compliance with the July 22nd Order.

III. Energy Bureau Authority

This submission of the reconciliation of actual fuel and power purchase costs and proposed factors for riders involve the Energy Bureau's authority under Act 57-2104, as amended by Act 17-2019, to "review and approve and, if applicable, modify the rates or fees charged by electric power service companies in Puerto Rico or the contractor of the transmission and distribution system of Puerto Rico in connection with any matter directly or indirectly related to the provision

of electric power services.” *See* Act 17-2014, Section 6.3 (n), 22 LPRA §1054(n) (Spanish language) (2024). Also relevant is the Energy Bureau’s authority to “formulate and implement strategies to achieve the objectives of this Act including, but not limited to, attaining the goal of reducing and stabilizing energy costs....” *See Id.* at Section 6.3 (f).

IV. PPCA Factor

1. Regulatory Formula for PPCA Reconciliation and Factor

The PPCA is a reconciling tariff mechanism that recovers the costs of purchased power from private generators. *Id.* at page 51. The PPCA applies to all the PREPA tariffs, except for the RHR tariff (RFR by its Spanish language acronym) (applicable to residents of public complexes owned by the Public Housing Administration). The formula to calculate the PPCA factor is:

$$\text{PPCA} = \frac{\text{Total Costs Purchased Power} + \text{Prior Period Reconciliation}}{\text{Total Applicable Net Retail kWh Sales}}$$

Id.

The total cost of purchased power is the cost of the energy and capacity resources purchased from private generators for the three forecasted months in the quarterly period. *Id.* The prior period reconciliations are the under- or over-recovered funds for the first two months of the current quarter and the last month of the preceding quarter. *Id.* LUMA shall provide the estimated reconciling balance with each proposed quarterly filing of the PPCA. *Id.* Finally, the applicable net retail kWh sales include the sale of energy to all customer classes, including the net metering clients. *Id.*

Furthermore, the PPCA is re-estimated monthly, comparing the re-estimated recovery of fuel purchased and purchased power for the preceding quarterly period. If the re-estimated fuel

purchase and purchased power expenses deviate from the estimates by more than \$20 million, LUMA re-estimates the PPCA factor to provide an expected value of zero for the quarterly period.

2. Revised PPCA Factor for August and September 2025

In strict adherence to the July 22nd Order, LUMA has reimbursed customers a total of \$16,477,598.66 in the updated proposed factor. The table below depicts the updated factors that, should the Energy Bureau approve LUMA’s calculations, would be in effect for August and September 2025:

Adjustment Clause	Factor (\$/kWh)	Effective Dates
FCA	\$0.102718	August 1, 2025, to September 30, 2025
PPCA	\$0.041660	August 1, 2025, to September 30, 2025
FOS	\$0.021137	August 1, 2025, to September 30, 2025

In furtherance of the directives set forth in the July 22nd Order, and as reflected in the supporting documentation, including the spreadsheet entitled “August_Sept 2025_Updated_Proposed Factors.xlsx,” LUMA has undertaken a comprehensive reconciliation of previously recovered and projected amounts associated with the GOMA reserve and related cost components. Specifically, LUMA is effectuating the return of \$40 million that was recovered from ratepayers between March and June 2025 in connection with GOMA, as well as refunding the projected \$20 million for August and September 2025. It is crucial to inform the Energy Bureau of the operational context underlying these adjustments. As a result of the prevailing methodologies for forecasting, collection, and subsequent reconciliation of recoverable amounts, an additional \$10 million from the GOMA reserve is expected to be recovered in July 2025. LUMA will refund this amount through the factors to be proposed in September 2025, thereby ensuring that all over-recoveries are promptly and transparently addressed in accordance with the Energy Bureau’s orders. Furthermore, LUMA’s updated proposed factor incorporates the sum of \$6,081,703.50 as an eligible incentive for fuel savings, consistent with the July 7th Order.

VIII. List of Documents Filed in Support of the Accelerated Reconciliation and Calculated PPCA

Confidential Folder

- FAC-PPAC Reconciliation June 2025.xlsx
- FAC-PPAC Reconciliation Mar-Apr-May 2025.xlsx
- August_Sept 2025_Updated_Proposed Factors.xlsx

Public Folder

- FAC-PPAC Reconciliation June 2025_Values.xlsx
- FAC-PPAC Reconciliation Mar-Apr-May 2025_Values.xlsx
- August_Sept 2025_Updated_Proposed Factors_Values.xlsx

The files are attached to this motion as Exhibit 1.

IX. Request for Confidential Treatment of Excel Files and Supporting Memorandum of Law

The confidential Excel files mentioned in the preceding section of this Motion *supra*, submitted with this Motion, include Excel spreadsheets submitted in native format (.xls) and with formulae intact. They contain formulae and original calculations by LUMA personnel that reveal confidential procedures. They also include sensitive commercial information belonging to LUMA and/or PREPA, which is thus protected by law from disclosure and should not be disclosed in its native form.

A. Applicable Laws and Regulations to submit information confidentially to the Bureau

The bedrock provision on the management of confidential information filed before the Energy Bureau is Section 6.15 of Act 57-2014, known as the “Puerto Rico Energy Transformation and Relief Act.” It provides, in pertinent part, that: “if any person who is required to submit

information to the Energy [Bureau] believes that the information to be submitted has any confidentiality privilege, such person may request the Commission to treat such information as such” 22 LPRA §1054n. If the Energy Bureau determines, after appropriate evaluation, that the information should be protected, “it shall grant such protection in a manner that least affects the public interest, transparency, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted.” *Id.* at Section 6.15 (a).

Relatedly, in connection with the duties of electric power service companies, Section 1.10 (i) of Act 17-2019 provides that an electric power service company shall provide information requested by customers, except for confidential information in accordance with the Rules of Evidence of Puerto Rico.”

Access to the confidential information shall be provided “only to the lawyers and external consultants involved in the administrative process after the execution of a confidentiality agreement.” *Id.*, Section 6.15(b). Finally, Act 57-2014 provides that this Energy Bureau “shall keep the documents submitted for its consideration out of public reach only in exceptional cases. In these cases, the information shall be duly safeguarded and delivered exclusively to the personnel of the [Bureau] who need to know such information under nondisclosure agreements. However, the [Bureau] shall direct that a non-confidential copy be furnished for public review”. *Id.*, Section 6.15 (c).

The Energy Bureau’s Policy on Confidential Information details the procedures a party should follow to request that a document or portion thereof be afforded confidential treatment. In essence, the referenced Policy requires the identification of the confidential information and the ... filing of a memorandum of law explaining the legal basis and support for a request to file information confidentially. *See* CEPR-MI-2016-0009, Section A, as amended by the Resolution

of September 16, 2016, CEPR-MI-2016-0009. The memorandum should also include a table that identifies the confidential information, a summary of the legal basis for the confidential designation, and the reasons why each claim or designation conforms to the applicable legal basis of confidentiality. *Id.* at paragraph 3. The party that seeks confidential treatment of information filed with the Bureau must also file both a “redacted” or “public version” and an “unredacted” or “confidential” version of the document that contains confidential information. *Id.* at paragraph 6.

The aforementioned Energy Bureau policy on the management of confidential information in procedures states the following with regard to access to validated Trade Secret Information:

1. Trade Secret Information

Any document designated by the [Energy Bureau] as Validated Confidential information because it is a trade secret under Act 80-2011 may only be accessed by the Producing Party and the [Bureau], unless otherwise set forth by the [Bureau] or any competent court.

Id. at Section D (on Access to Validated Confidential Information).

Relatedly, Energy Bureau Regulation No. 8543, *Regulation on Adjudicative, Notice of Noncompliance, Rate Review, and Investigation Proceedings*, includes a provision for filing confidential information in adjudicatory proceedings before this honorable Bureau. To wit, Section 1.15 provides that “a person has the duty to disclose information to the [Bureau] considered to be privileged information, request the [Bureau] the protection of said information, and provide supportive arguments, in writing, for a claim of information of privileged nature. The [Energy Bureau] shall evaluate the petition and, if it understands [that] the material merits protection, proceed accordingly to ... Article 6.15 of Act No. 57-2015, as amended. *See also* Bureau Regulation No. 9137 on *Performance Incentive Mechanism*, Section 1.13 (addressing disclosure before the Bureau of Confidential Information and directing compliance with Resolution CEPR-MI-2016-0009.

B. Grounds for Confidentiality

Under the Industrial and Trade Secret Protection Act of Puerto Rico, Act 80-2011, 10 LPRA §§4131-4144, industrial or trade secrets are deemed to be any information:

- (a) That has a present or a potential independent financial value or that provides a business advantage, insofar as such information is not common knowledge or readily accessible through proper means by persons who could make a monetary profit from the use or disclosure of such information, and
- (b) for which reasonable security measures have been taken, as circumstances dictate, to maintain its confidentiality.

Id. at §4131, Section 3 Act. 80-2011. Trade secrets include, but are not limited to, processes, methods, mechanisms, manufacturing processes, formulas, projects, or patterns to develop machinery and lists of specialized clients that may afford an advantage to a competitor. *See* Statement of Motives, Act 80-2011. As explained in the Statement of Motives of Act 80-2011, protected trade secrets include any information bearing commercial or industrial value that the owner reasonably protects from disclosure. *Id.*; *see also* Article 4 of Puerto Rico's Open Data Law, Act 122-2019 (exempting the following from public disclosure: (1) commercial or financial information whose disclosure will cause competitive harm; (2) trade secrets protected by a contract, statute or judicial decision (3) private information of third parties). *See* Act 122-2019, Articles 4 (ix) and (x) and (xi).

The Puerto Rico Supreme Court has explained that the trade secrets privilege protects free enterprise and extends to commercial information that is confidential in nature. *Ponce Adv. Med. v. Santiago Gonzalez*, 197 DPR 891, 901-02 (2017) (citation omitted).

The Excel spreadsheets submitted today in native form and with formulae intact in the file entitled *Confidential* are protected as trade secrets. They have commercial value to LUMA and PREPA as they reveal confidential processes and analysis to produce calculations in support of the

public filings of the proposed rider factors. LUMA and PREPA keep and maintain these native files confidential and do not disclose them to the public or unauthorized third parties.

LUMA appreciates the importance of placing the Energy Bureau in the position of reviewing the reconciliations and fixing the annual factors. However, to avoid future competitive harms that could ensue if original format spreadsheets with formulae and calculations are publicly disclosed, LUMA respectfully requests that the Excel files submitted today in the file entitled *Confidential* be received, kept, and maintained confidentially by this Energy Bureau.

The confidential spreadsheets included in the file entitled *Confidential* are: (1) documents with commercial and financial value, and (2) involve data that is not common knowledge or readily accessible by third parties who may seek profit from the data or gain commercial advantages. The spreadsheets are business documents showing processes, methods, and mechanisms that garner protection under Act 80-2011. They are original documents that have not been disclosed to third parties and whose disclosure would reveal sensitive and private commercial processes employed by LUMA and PREPA. The disclosure of this sensitive commercial information would place LUMA and PREPA in vulnerable and disadvantageous commercial positions that could affect LUMA customers and impact rates. Reasonable measures have been taken to protect the files from disclosure and avoid unauthorized access by third parties that could seek to gain commercial advantages. It is respectfully submitted that the spreadsheets included in the file entitled *Confidential* are trade secrets protected from public disclosure by Act 80-2011.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned, **accept** the filing of the recalculated PPCA factors to apply starting on August 1, 2025; and **grant** the request to keep confidentially the spreadsheets that have been filed in excel format and with formulae in the file entitled *Confidential* that is submitted with this Motion.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 24th day of July 2025.

I hereby certify that this Motion was filed using the electronic filing system of this Energy Bureau and that I will send an electronic copy of this Motion to the Puerto Rico Electric Power Authority, through: Lionel Santa lionel.santa@prepa.com; Alexis Rivera, arivera@gmlex.net; Juan M. Martínez Nevárez, jmartinez@gmlex.net; and Juan R. González Galarza, jgonzalez@gmlex.net; to Genera PR, LLC through: Luis Roman Negrón, lrn@roman-negron.com; legal@genera-pr.com; and regulatory@genera-pr.com; and to the Independent Consumer Protection Office, through Director Hannia Rivera, hrivera@jrsp.pr.gov.



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Exhibit 1

Supporting files to be submitted via email