

**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 LUMA's August
6, 2025, Compliance Motion.

RESOLUTION AND ORDER

I. Introduction and Procedural Background

On July 31, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order establishing the Fiscal Year 2026 Provisional Rates and Fiscal Year 2026 Provisional Budget ("July 31 Provisional Rate Order").¹ The July 31 Provisional Rate Order approved specific revenue requirements and set procedural steps for implementing the provisional rates.

On August 1, 2025, the Hearing Examiner issued an order scheduling a status conference for August 5, 2025, to receive requests for clarification and correction on the July 31 Provisional Rate Order and to ensure any necessary corrections could be made in time for billing. On August 5, 2025, parties and case participants attended the status conference and received clarifications on the July 31 Provisional Rate Order.

On August 6, 2025, LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA") filed a document titled *Motion Submitting Compliance Filing in Attention to Section VI(W) of the July 31 Provisional Rate Order* ("August 6 Compliance Motion"), presenting a provisional-rate calculation based on a stated nonpension revenue deficiency of \$236.447 million, divided by 15,243,558 MWh, yielding a nonpension rider of \$0.015511/kWh.²

II. On the "Revenue at Present Rates" and "Other Income" Inputs

For the nonpension rider, the Energy Bureau used the FY 2026 PREPA Budget certified by the Financial Oversight and Management Board ("FOMB") for the revenue offsets. Those certified values are: Basic Revenue of \$1,160,149,000 and Other Income of \$84,404,000.³

The Energy Bureau **REJECTS** LUMA's July 3, 2025, forecast of \$1,179,202,000 in Revenue at Present Rates and \$56,501,000 in Other Income for the Provisional Rate as restated in its August 6 Compliance Motion, as the Energy Bureau will evaluate such numbers for the permanent rate in this procedure.⁴

The July 31 Provisional Rate Order also set the nonpension billing determinants at 15,243,558 MWh, which exclude Lifeline Residential Service ("LRS"), Residential Service for Public Housing ("RH3"), and Residential Fixed Rate for Public Housing ("RFR") customers.⁵

Applying these inputs to the approved non-federally funded revenue requirement of \$1,779,626,000 and removing the pension requirement of \$307,475,422 produces an incremental non-pension deficiency of \$227.598 million. Dividing \$227.598 million by

¹ July 31 Provisional Rate Order, at p. 1.

² August 6 Compliance Motion, at p. 2.

³ Financial Oversight and Management Board for Puerto Rico, Letter to Governor Jenniffer A. González Colón re: FY 2026 PREPA Budget Certification, June 30, 2025, Appendix A at A-2. (PREPA Ex. 44 6.30.25 - PREPA Exhibit 10-FOMB - Letter - PREPA - FY26 Budget Certification.pdf).

⁴ August 6 Compliance Motion, Ex. 1, Table 1-1.

⁵ July 31 Provisional Rate Order, footnote 8 (non-pension billing determinants exclude LRS, RH3, RFR).



15,243,558 MWh yields a uniform non-pension rider of \$0.014931/kWh.⁶ That is the figure that the Energy Bureau prescribed in its July 31 Provisional Rate Order.

III. Clarification on Emergency Reserve Account Amount

Jim The Energy Bureau reiterates the clarification provided by the Hearing Examiner on the August 5 Conference - the correct funding level for the system-wide Emergency Reserve Account is \$15 million. Certain parts of the July 31 Provisional Rate Order refer to a \$20 million amount. Those references appear in Part III at page 13⁷ and in Part VI (Orders and Conclusions), Section U at page 37⁸. The \$15 million figure, shown in Attachment A, page 40 of 47, reflects the Energy Bureau's final determination of the funding necessary to address extraordinary, high-impact reliability events that exceed the normal operating budgets of LUMA and Genera PR LLC ("Genera").⁹ A separate Resolution and Order will address how LUMA, Genera and PREPA can make use of the Emergency Reserve Account.

IV. Compliance Filing

Jim LUMA's wrong figure, based on unclarified assumptions rather than a mere calculation error, came as a surprise and a disappointment. It was a surprise because the correct number, \$0.014931/kWh, appeared intended and unambiguous on page 2, and was repeated three times on the July 31 Provisional Rate Order.

The Hearing Examiner convened the August 5 conference expressly to collect requests for clarification and correction. LUMA did not seek corrections there. The purpose of a compliance filing is to comply with the Order, not to re-calculate a different number.

Jim Accordingly, LUMA is hereby placed on notice that the next time it engages in conduct similar to that described in the preceding paragraph, it could be subject to sanctions or penalties.

V. Conclusion

In consideration of the discussion above, the Energy Bureau **ORDERS** LUMA to:

1. Use the non-pension provisional-rate rider amount of \$0.014931/kWh, as ordered on the July 31 Provisional Rate Order.
2. LUMA shall prepare updated tariff sheets showing the resulting provisional-rate rider and the pension rider, consistent with the structure and class applicability established in the July 31 Provisional Rate Order.
3. LUMA shall file these updated tariff sheets with the Energy Bureau within **two (2) business days** of the issuance of this Resolution and Order, together with all supporting workpapers in native format.

The Energy Bureau **WARNS** LUMA that, in accordance Art. 6.36 of Act 57-2014:¹⁰

- i. noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative

⁶ *Id.*, at p. 2 (non-pension rider shown).

⁷ *Id.*, Part III at p. 13.

⁸ *Id.*, Part VI, , Section U at p. 37.

⁹ *Id.*, Attachment A at p. 40.

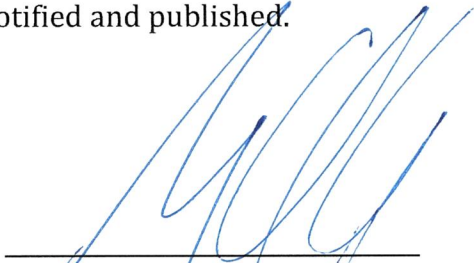
¹⁰ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").



sanctions from ten thousand dollars (\$10,000) 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.

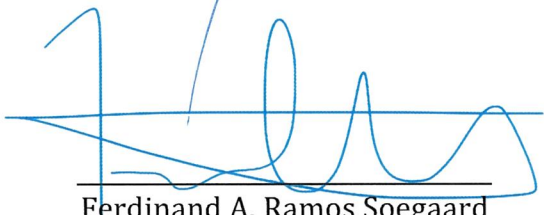
Be it notified and published.



Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on August 11, 2025. Associate Commissioner Sylvia B. Ugarte Araujo did not intervene. Also certify that on August 11, 2025, I have proceeded with the filing of this Resolution and was notified by email to: mvalle@gmlex.net; arivera@gmlex.net; jmartinez@gmlex.net; jgonzalez@gmlex.net; katuska.bolanos-lugo@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com; carolyn.clarkin@us.dlapiper.com; andrea.chambers@us.dlapiper.com; sromero@sbgblaw.com; gcastrodad@sbgblaw.com; jfr@sbgblaw.com; regulatory@genera-pr.com; legal@genera-pr.com; mvazquez@vvlawpr.com; gvilanova@vvlawpr.com; ratecase@genera-pr.com; hriviera@jrsp.pr.gov; gerardo_cosme@solartekpr.net; 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; monica@emmanuelli.law; cristian@emmanuelli.law; lgnq2021@gmail.com; jan.albinolopez@us.dlapiper.com; Rachel.Albanese@us.dlapiper.com; varoon.sachdev@whitecase.com; jdiaz@sbgblaw.com; javrua@sesapr.org; Brett.ingerman@us.dlapiper.com; agraitfe@agraitlawpr.com; jpouroman@outlook.com; epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com; matt.barr@weil.com; Robert.berezin@weil.com; Gabriel.morgan@weil.com; corey.bradly@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; zack.schrieber@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; David.herman@dechert.com;



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I sign this in San Juan, Puerto Rico, today, August 11, 2025.



Sonia Seda Gaztambide
Clerk

