

**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:** Hearing Examiner's Order Denying  
Bondholders' Motion to Compel of  
September 6, 2025

**Hearing Examiner's Order Denying  
Bondholders' Motion to Compel of September 6, 2025**

By email September 6, 2025, I received Bondholders' Motion to Compel. Attached to this Order is the history of this Motion, as summarized by Bondholders' counsel.

Bondholders requested a detailed explanation of what they call "a more than doubling of estimated Professional and Technical Outsourced services from the 2025 PREPA Fiscal Plan to the 2025 rate petition." Implicitly, Bondholders are comparing these two numbers, and requesting an explanation of the difference.

Comparisons are useful when one compares comparables—apples to apples. LUMA's response, boiled down, is that the services in the proposed revenue requirement are apples, while the services in the 2025 PREPA Fiscal Plan are oranges. The two sets of services are different, LUMA says, because while those in the proposed revenue requirement are forward-looking and built from the ground up, the services in the 2025 PREPA Fiscal Plan come from an era of budgets constrained by 2017 rates.

I agree with LUMA that Bondholders are asking for a comparison of apples to oranges. I therefore interpret LUMA's response not as a failure to respond fulsomely but as an objection on grounds of relevance and usefulness.

I could still order LUMA to identify and cost-out every professional and technical service underlying the budget confined by the 2017 rates. The result would be a full response to Bondholders' request. But that effort's benefit-cost ratio would likely fall below 1.0. The Energy Bureau must determine the reasonableness of this proposed cost. But the Energy Bureau will make that determination by considering the cost's prospective benefits, not by comparing the prospective cost to its counterpart in an eight-year-old budget.

Based on the above reasoning, I deny the Motion to Compel.

Be notified and published.



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Scott Hempling  
Hearing Examiner

### **CERTIFICATION**

I certify that the Hearing Examiner, Scott Hempling, has so established on September 8, 2025. I also certify that on September 8, 2025, I have proceeded with the filing of the Order, and a copy was notified by electronic mail to: mvalle@gmlex.net; arivera@gmlex.net; jmartinez@gmlex.net; jgonzalez@gmlex.net; nzayas@gmlex.net; Gerard.Gil@ankura.com; Jorge.SanMiguel@ankura.com; Lucas.Porter@ankura.com; mdiconza@omm.com; golivera@omm.com; pfriedman@omm.com; msyassin@omm.com; katiuska.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; regulatory@genera-pr.com; legal@genera-pr.com; mvazquez@vvlawpr.com; gvilanova@vvlawpr.com; ratecase@genera-pr.com; hrivera@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; javrua@sesapr.org; Brett.ingerman@us.dlapiper.com; brett.solberg@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.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; 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;

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I sign this in San Juan, Puerto Rico, on September 8, 2025.



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Sonia Seda Gaztambide  
Clerk

## History of the Motion, from Bondholders' Email of September 6, 2025

### September 6<sup>th</sup> Urgent Motion to Compel

This ROI, submitted on August 25th, stated that LUMA should include “an explanation of precisely what changed” and to “explain in detail” what caused a more than doubling of estimated Professional and Technical Outsourced services from the 2025 PREPA Fiscal Plan to the 2025 rate petition, submitted just a few months later. LUMA's short response on September 5th (the maximum 10-day period) does not include **any** information regarding Professional and Technical Outsourced services—let alone the requested level of specifics and detail—and therefore LUMA should be compelled to respond forthwith to the August 25th ROI.

LUMA's response generically states that the overall “budget exercise” was different as between the 2025 PREPA Fiscal Plan and the 2025 rate petition, and that the latter “was developed through a comprehensive, bottom-up process.” Nowhere in LUMA's response does it explain specifically (or even generally) why Professional and Technical Outsourced services doubled, to a total of nearly **\$1 billion** over the 3-year rate period. Remarkably, LUMA's short response does not even contain the words “Professional and Technical Outsourced services.” LUMA's response is clearly deficient and does not address the subject of the ROI with any degree of specificity, let alone what was requested.

An incremental request of half a billion dollars beyond what was included in the 2025 Fiscal Plan deserves careful consideration and scrutiny. That is not possible based on LUMA's non-response to this ROI. National reserves all rights to supplement its expert testimony based on the delay in receiving this necessary information.

### September 5<sup>th</sup> LUMA Response

LUMA files this discovery response without in any way implying that it considers this response could be admissible as evidence in this rate review proceeding. LUMA expressly reserves the right to supplement, clarify, revise, or correct this response. LUMA further states that this request seeks analysis beyond the scope of the revenue requirement filing itself. This proceeding and the revenue requirements for this rate case are based upon the budgets submitted by LUMA, not the 2025 PREPA Fiscal Plan.

The budget exercise for the FY2025 Fiscal Plan was not intended to be, and should not be, interpreted as a replacement for the development of the Optimal budget.

The FY2025 Fiscal Plan builds on the FY2025 budget, which was developed based on the outdated base rates from the 2017 Rate Order<sup>1</sup>, and was adjusted incrementally to account for specific activities. The Optimal budget, on the other hand, was developed through a comprehensive, bottom-up process<sup>2</sup>, and was developed to reflect the true

needs of a system that has suffered from years of neglect, lack of maintenance and the effects of a series of devastating hurricanes and earthquakes. The FY2026, FY2027, and FY2028 Optimal and Constrained budgets are the only budgets LUMA is propounding in this rate review. LUMA is not proposing a budget based on the FY2025 Fiscal Plan budget.

#### August 25<sup>th</sup> Request for Information

LUMA's Optimal budget includes \$293 million for Professional and Technical Outsourced services in FY26, \$331 million in FY27, and \$355 million in FY28, for a total of nearly \$1 billion. These amounts are significantly higher than in the certified 2025 PREPA Fiscal Plan—more than double in FY26 and escalating each year. Please explain in detail these significant upward variances between LUMA's Optimal Budget submitted in July 2025 as compared to the 2025 PREPA Fiscal Plan submitted in February 2025. Your answer should include, but is not limited to, an explanation of precisely what changed in the four months between these dates to cause (i) a more than doubling of the amounts included for this item versus the 2025 Fiscal Plan, and (ii) a dramatic escalation year-over-year versus the 2025 Fiscal Plan.