

**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
Requiring LUMA to Respond to PREPA-of-
LUMA-COST-ALL-18

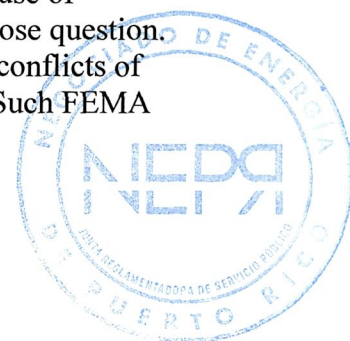
**Hearing Examiner's Order Requiring LUMA to Respond to
PREPA-of-LUMA-COST-ALL-18**

LUMA has objected to PREPA's discovery request labeled PREPA-of-LUMA-COST-ALL-18. This Order's Appendix has the full dialogue between PREPA and LUMA. The request relates to LUMA's use of seconded employees.

The entire request is appropriate. It is relevant to this proceeding for at least two reasons. First, hiring any employee, seconded or not, affects total customer cost—unless LUMA is absorbing the employees' cost, which I assume LUMA is not. Second, if LUMA has any conflict of interest, such as a motivation and opportunity to take actions that profit its owners at the expense of its customers—and I am not saying that LUMA has any conflicts—those conflicts can affect not only cost but also trust. Lack of trust can affect customers' willingness to pay the rates that produce the revenue necessary to support electricity service.

Concerning LUMA's specific objections:

- It is true that PREPA's inquiry "is not tailored to specific costs at issue in the rate case." That fact does not render LUMA unable to answer the questions. Moreover, many of LUMA's proposed costs are not tailored to any specific activities—or specific benefits to customers. That fact, completely within LUMA's control, is one reason why so there have been so many intervenor and PREB-expert requests for clarification, including this one.
- That some of the information sought would also "be sought in an audit regarding contractual matters" under the PREPA-LUMA agreement does not make the information irrelevant to the rate case. That fact simply reminds us, one more time, that the parties' duties under the contracts overlap with their duties under the utility regulatory statutes.
- LUMA views as irrelevant PREPA's questions about whether LUMA's use of seconded employees can affect federal reimbursements. That is not a close question. If LUMA's use of seconded employees triggers FEMA concerns about conflicts of interest, there is risk that FEMA will delay or reduce reimbursements. Such FEMA actions would result in higher base rates or lower service quality.



I ask counsel to work out a low-cost way to get these questions answered, fast. PREPA's counsel: Try to trim the request back to the amount of material that you can reasonably absorb in the remaining weeks. Put yourself in the shoes of a company obligated to run the electric system while preparing for a major adjudicatory hearing in two months. LUMA's counsel: Consider widening your understanding of what is at stake when a utility seeks a revenue requirement exceeding \$5 billion, involving a rate increase exceeding 30 percent.

I have two matters that I hope will get clarified by LUMA's responses to PREPA:

- The phrase "seconded personnel," as I understand it, can apply to personnel coming from affiliated companies or from nonaffiliated companies, local or nonlocal. Please ensure that the questions and answers are clear on the distinction. The questions seem to distinguish "seconded personnel" from "local personnel." That distinction became unclear to me when I imagined that employees of an affiliate could be local or nonlocal; and employees of a nonaffiliate could be local or nonlocal. So I wondered if there were, theoretically, four categories: affiliated local, affiliated nonlocal, nonaffiliated local, nonaffiliated nonlocal. The distinction among those four categories does not emerge clearly from a dialogue about "seconded vs. local." Feel free to correct my confusion.
- Re the phrase "current employees": In this rate proceeding, the relevant time period is not "currently," but rather FY26, FY27 and FY28. So what matters, I assume, are the LUMA-proposed cost levels for those years.

Be notified and published.



Scott Hempling
Hearing Examiner



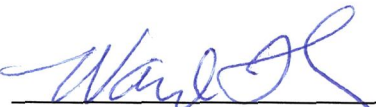
CERTIFICATION

I certify that the Hearing Examiner, Scott Hempling, has so established on September 15, 2025. I also certify that on September 15, 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;
 jfr@sbgblaw.com; hriviera@jrsp.pr.gov; gerardo_cosme@solartekpr.net;
 contratistas@jrsp.pr.gov; victorluisgonzalez@yahoo.com; Cfl@mcvpr.com;
 nancy@emmanuelli.law; jrinconlopez@guidehouse.com; Josh.Llamas@fticonsulting.com;
 Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com;
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 brett.solberg@us.dlapiper.com; agraitfe@agraitlawpr.com; jpouroman@outlook.com;
 epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com;
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 corey.bradley@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;
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 jcasillas@cstlawpr.com; jnieves@cstlawpr.com; arrivera@nuenergypr.com;
 apc@mcvpr.com; ramonluisnieves@rlnlegal.com;

I sign this in San Juan, Puerto Rico, on September 15, 2025.




 Wanda I. Cordero Morales
 Interim Clerk

Appendix: Full Dialogue from the Accion Platform

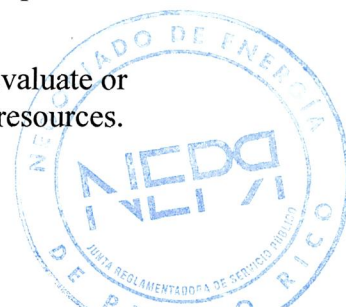
Original Request: PREPA-of-LUMA-COST-ALL-18

PREPA submits the following ROIs related to the budget line item identified as *Seconded Employees*.

1. Identify and describe in detail all forms of expenses, including but not limited to type of expense, categories, amounts, vendors, entities, etc. that make up the Seconded Employee expenses.
2. Identify and describe in detail all forms of compensation, remuneration, and benefits provided to seconded employees, by LUMA's parent companies and reimbursed, in whole or in part, by LUMA. Please include with your response the following categories:
 - a. salaries, wages, bonuses, incentive payments, and other direct compensation, as applicable;
 - b. allowances, stipends, or reimbursements for housing, if any;
 - c. transportation benefits, including vehicle rental, lease, or other car-related allowances, if any;
 - d. communication benefits, including but not limited to cellphone, internet, and data plans, if any;
 - e. education benefits, including tuition or other expenses for dependents, if any;
 - f. per diem, relocation, or living allowances, if any; and
 - g. any other allowances, stipends, reimbursements, or in-kind benefits not otherwise listed.

For each category identified, state the budgeted amount allocated in LUMA's proposed budgets for Fiscal Years 2026, 2027, and 2028, and identify the budget line item(s) in which such amounts are reflected.

3. Explain the rationale for LUMA's reliance on seconded personnel rather than local hires. Identify and describe in detail all reasons, justifications, or business considerations—financial, operational, technical, contractual, or otherwise—that support the decision to engage seconded employees from LUMA's parent companies instead of recruiting or hiring qualified local personnel in Puerto Rico.
4. Identify all positions currently staffed by seconded employees at LUMA. For each such position:
 - a. Describe the specific qualifications, certifications, or experience required for each relevant position, role or service;
 - b. State whether LUMA made any effort to recruit locally for the position – or whether its cost is more competitive than the market (thus, favoring the use and expensing of a LUMA parent company resource).
5. Produce all documents, studies, analyses, or internal communications that evaluate or compare the use of seconded personnel versus local hires or other industry resources.



This includes, but is not limited to, cost-benefit analyses, workforce assessments, labor market studies, recruitment reports, or board/management presentations that address the advantages or disadvantages of seconded labor relative to hiring locally or from the industry/private sector.

6. Describe in detail LUMA's recruitment efforts in Puerto Rico or elsewhere for positions that are currently filled by seconded labor, including:
 - a. All job postings, advertisements, or outreach efforts;
 - b. The dates and duration of such recruitment efforts;
 - c. The results of such efforts, including number of applicants, number interviewed, and reasons why no local candidate was selected.
7. State whether LUMA has established any internal policies or guidelines addressing when to prefer seconded labor over other (local or industry) hires. If so, please provide all such policies or guidelines and explain how they were applied in determining the staffing of positions filled by seconded employees.
8. Identify and describe any discussions, contractual obligations, commitments, or understandings by and between LUMA and its parent companies (including ATCO, Quanta, or any of their affiliates) relating to the hiring or use of seconded personnel by LUMA. Produce all documents reflecting such obligations, commitments or understandings.
9. Produce all documents, including but not limited to policies, agreements, internal guidelines, memoranda of understanding, or procedures, that govern or relate to (a) the "cost" reimbursements provided to LUMA's parent companies for seconded employees; and (b) the methodology, basis, or formula used by LUMA's parent companies to determine the amounts invoiced to LUMA for seconded labor on a 'cost recovery' basis.
10. Describe any mark-up, administrative fee, or overhead charge (or any other charge above and beyond base cost) added by LUMA and/or its parent companies (and/or any of its affiliate) to the cost of seconded personnel, and identify where such costs are reflected in LUMA's proposed budgets for FY26–FY28.
11. To understand how the cost reimbursement to LUMA's parent companies (or affiliates) for seconded labor (or other expenses contemplated under the Seconded Employees line item) works, please provide all documents reflecting any and all amounts invoiced by LUMA's parent companies—including, but not limited to, ATCO and Quanta, or any of their affiliates—to LUMA during FY2021 through FY2025, for the "cost" of seconded labor. This request includes, but is not limited to:
 - a. All invoices or billing statements submitted by LUMA's parent companies to LUMA that reflect the "cost" of seconded labor on a cost recovery basis;
 - b. All supporting documentation for such invoices, including cost breakdowns, payroll records, timesheets, expense reports, or internal calculations;



c. All documents reflecting payments made by LUMA in response to such invoices, including wire transfer records, payment confirmations, internal approvals, or other proof of payment.

12. State whether the use of seconded labor by LUMA has negatively impacted the obtention of federal reimbursements, even if the determination by the federal agency is appealable.

13. For the past two (2) years, state the total number of seconded employees who have (i) been terminated, (ii) resigned, or (iii) otherwise ceased to be employed as seconded staff. Of those individuals, identify how many have subsequently been retained by LUMA or any of its affiliates, subcontractors, or consultants, to work directly or indirectly for LUMA, (a) as independent contractors or consultants, (b) as employees or subcontractors of firms holding contracts with LUMA, (c) or otherwise.

Objection Details:

GOVERNMENT OF PUERTO RICO

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: Objections to Certain Requests
in ROI # 373 – PREPA-of-LUMA-COST**

TO: Puerto Rico Electric Power Authority (“PREPA”)

Through counsels: Mirelis Valle, mvalle@gmlex.net and Alexis Rivera, arivera@gmlex.net

FROM: LUMA Energy, LLC, and LUMA Energy ServCo, LLC (“LUMA”),

Through counsels: Margarita Mercado Echegaray, margarita.mercado@us.dlapiper.com, Andrea Chambers, andrea.chambers@us.dlapiper.com, and Carolyn Clarkin, carolyn.clarkin@us.dlapiper.com.

Date: September 3, 2025.



**LUMA’S OBJECTIONS TO PREPA’S AUGUST 29TH REQUESTS FOR
INFORMATION
ON LUMA’S PERMANENT RATE REQUEST**

LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as “LUMA”), by and through its attorneys, and pursuant to Regulation No. 8543 of the Puerto Rico Energy Bureau, hereby objects to the certain specific requests by the Puerto Rico Power Authority (“PREPA”) issued to LUMA on August 29, 2025, identified as Request for Information (“ROI”) ROI # 373 – PREPA-of-LUMA-COST-ALL-18, as discussed below. LUMA looks forward to meeting with PREPA to discuss these objections.

LUMA expressly reserves the right to supplement, clarify, revise, or correct any or all of the objections included herein, and to assert additional objections, in one or more subsequent supplemental responses.

REQUEST NO. 8:

Identify and describe any discussions, contractual obligations, commitments, or understandings by and between LUMA and its parent companies (including ATCO, Quanta, or any of their affiliates) relating to the hiring or use of seconded personnel by LUMA. Produce all documents reflecting such obligations, commitments or understandings.

OBJECTION TO REQUEST NO. 8:

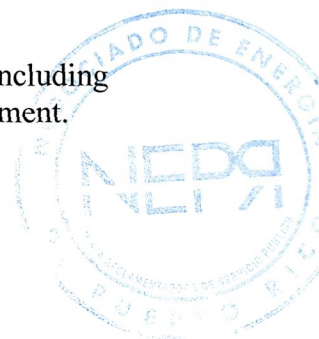
LUMA objects to Request No. 8 as it seeks information that is not relevant to the rate case. That is, it is not tailored to specific costs at issue in the rate case. LUMA further objects to this request because it is overly broad, unlimited in time, and insufficiently specific. Thus, in light of its lack of relevance and its overbreadth, any limited value to this proceeding would be outweighed by the cost and effort to respond.

LUMA will meet and confer with PREPA to attempt to resolve these objections.

REQUEST NO. 11:

To understand how the cost reimbursement to LUMA’s parent companies (or affiliates) for seconded labor (or other expenses contemplated under the Seconded Employees line item) works, please provide all documents reflecting any and all amounts invoiced by LUMA’s parent companies—including, but not limited to, ATCO and Quanta, or any of their affiliates—to LUMA during FY2021 through FY2025, for the “cost” of seconded labor. This request includes, but is not limited to:

- a. All invoices or billing statements submitted by LUMA’s parent companies to LUMA that reflect the “cost” of seconded labor on a cost recovery basis;
- b. All supporting documentation for such invoices, including cost breakdowns, payroll records, timesheets, expense reports, or internal calculations;
- c. All documents reflecting payments made by LUMA in response to such invoices, including wire transfer records, payment confirmations, internal approvals, or other proof of payment.



OBJECTION TO REQUEST NO. 11:

LUMA objects to Request No. 11 (and its subparts) as it seeks information that is not relevant to the rate case for the same reasons that Request 8 is not relevant. The information PREPA seeks here is in the nature of information that would be sought in an audit regarding contractual matters under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement of June 22, 2020, as amended and supplemented by the e Puerto Rico Transmission and Distribution System Supplemental Terms Agreement (“T&D OMA”). LUMA further objects to this request because it is overly broad in both scope and time. Thus, in light of its lack of relevance and its overbreadth, any limited value to this proceeding would be outweighed by the cost and effort to respond.

LUMA will meet and confer with PREPA to attempt to resolve these objections.

REQUEST NO. 12:

State whether the use of seconded labor by LUMA has negatively impacted the obtention of federal reimbursements, even if the determination by the federal agency is appealable.

OBJECTION TO REQUEST NO. 12:

LUMA objects to Request No. 12 as it seeks information that is not relevant to the rate case for the same reasons described in the objections above. It also seeks an opinion, not a clarification of the rate review petition nor factual information related to cost projections. It is, accordingly, improper.

LUMA will meet and confer with PREPA to attempt to resolve these objections.

REQUEST NO. 13:

For the past two (2) years, state the total number of seconded employees who have (i) been terminated, (ii) resigned, or (iii) otherwise ceased to be employed as seconded staff. Of those individuals, identify how many have subsequently been retained by LUMA or any of its affiliates, subcontractors, or consultants, to work directly or indirectly for LUMA, (a) as independent contractors or consultants, (b) as employees or subcontractors of firms holding contracts with LUMA, (c) or otherwise.

OBJECTION TO REQUEST NO. 13:

LUMA objects to Request No. 13 as it seeks information that is not relevant to the rate case for the same reasons described in the objections above. That is, like the other objectionable requests above, these questions are not tailored to the specific costs in the rate review petition. And, given its lack of relevance, the burden of production outweighs any benefit.

LUMA will meet and confer with PREPA to attempt to resolve these objections.



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