

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

NEPR

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IN RE: FISCAL YEAR 2026 EMERGENCY
RESERVE ACCOUNT

CASE NO. NEPR-MI-2025-0004

SUBJECT: LUMA's Request for
Authorization to Withdraw Funds from the
Fiscal Year 2026 Emergency Reserve Account
for Hurricane Erin Restoration Costs

**REQUEST FOR LEAVE TO WITHDRAW FUNDS FROM THE FISCAL YEAR 2026
EMERGENCY RESERVE ACCOUNT FOR HURRICANE ERIN RESTORATION
COSTS**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"), and respectfully state and request the following:

I. INTRODUCTION

1. LUMA, Puerto Rico's transmission and distribution system operator under the *Transmission and Distribution Operation and Maintenance Agreement*¹ respectfully submits this motion requesting authorization to access the Emergency Reserve Account established by the Puerto Rico Energy Bureau ("Energy Bureau") for Fiscal Year 2026 in its July 31st Order in case no. NEPR-AP-2023-0003.²

¹ *Transmission and Distribution System Operation and Management Agreement* executed by LUMA Energy, LLC and LUMA Energy ServCo, LLC, the Puerto Rico Electric Power Authority and the Puerto Rico Public-Private Partnerships Authority on June 22, 2020, as supplemented and amended by the *Puerto Rico Transmission and Distribution System Operation and Maintenance Supplemental Terms Agreement* ("T&D OMA").

² See *Resolution and Order* entered on July 31, 2025, in case *In Re: Puerto Rico Electric Power Authority Rate Review*, case no. NEPR-AP-2023-0003 ("July 31st Order"), with the subject *Establishment of Fiscal Year 2026 Provisional Rates and Fiscal Year 2026 Provisional Rates*, in which the Energy Bureau established the Emergency Reserve Account for extraordinary costs due to high-impact reliability events that exceed the normal operating budgets. On August 11, 2025, the Energy Bureau entered a further *Resolution and Order* to clarify certain inconsistencies found in the July 31st Order, specifying that the allocated amount for the Emergency Reserve Account is set at \$15 million.

2. The Emergency Reserve Account (also herein referred to as “ERA”) was created to provide emergency liquidity for extraordinary, high-impact reliability events that exceed the scope of LUMA’s regular operating budget established under the T&D OMA. As stated by LUMA in the *Notice* filed on August 20, 2025, between August and September LUMA was actively engaged in emergency response efforts following widespread service interruptions across Puerto Rico caused by Hurricane Erin’s passage near the Island. LUMA's Provisional Budget for Fiscal Year 2026 does not cover the costs associated with restoring services after emergencies or events, such as hurricanes. Wherefore, access to the Emergency Reserve Account is warranted.

3. This motion sets forth the procedural background, factual basis and argument supporting LUMA’s request for access to the Fiscal Year 2026 Emergency Reserve Account. It also respectfully requests expedited consideration, given the urgent need to identify funding sources to cover expenses incurred during the emergency response and ensure liquidity for LUMA to continue operating.

II. PROCEDURAL BACKGROUND

4. On July 31, 2025, the Energy Bureau established the Emergency Reserve Account, a restricted account funded at \$15 million, to provide liquidity for extraordinary, high-impact reliability events that exceed the normal operating budgets of LUMA and Genera PR LLC (“Genera”). The Fiscal Year 2026 Emergency Reserve Account was created in the context of the rate review proceeding initiated by LUMA on behalf of itself, Genera, and the Puerto Rico Electric Power Authority (“PREPA”), designated as case no. NEPR-AP-2023-0003.

5. The account was formally established in the July 31st Order, which approved provisional rates and the Fiscal Year 2026 Temporary Default Budget. In what is relevant to the matter that LUMA brings to the attention of the Honorable Energy Bureau with this motion, the July 31st

Order authorized, *inter alia*, a Provisional Rate Rider of \$0.014931/kWh for non-pension costs and clarified that the Emergency Reserve Account would be a restricted account, with withdrawals subject to prior, case-specific authorization by the Energy Bureau.

6. The Emergency Reserve Account is a single, system-wide restricted account, initially funded at \$15 million, and designed to provide emergency liquidity for extraordinary reliability events that exceed the scope of the regular operating budgets of LUMA or Genera. Withdrawals from the Emergency Reserve Account require prior, case-specific authorization from the Energy Bureau. In the July 31st Order, the Energy Bureau entered the following directives regarding the Emergency Reserve Account:

- Account Establishment: PREPA must establish a new, separate, and segregated account with an initial balance of \$15 million³ within sixty (60) days of the Resolution. PREPA is required to submit proof of the account's creation and funding to the Energy Bureau.
- Account Administration: The account shall be held in trust. PREPA shall act as administrator, responsible for maintaining the account, but shall not authorize withdrawals.
- Withdrawal Protocol: To request funds, LUMA, Genera, or PREPA must file a petition with the Energy Bureau. The petition must include:
 - A full description of the emergency event;
 - A detailed, itemized estimate of the required funds; and
 - A sworn statement certifying that the petitioner's approved operational budget cannot cover the costs.

³ On August 11, 2025, the Energy Bureau issued a Resolution and Order in which it clarified the correct funding level of the Emergency Reserve Account as \$15 million, superseding earlier references to \$20 million in the July 31st Order.

7. The Energy Bureau determined that the Emergency Reserve Account is to be used exclusively for extraordinary, high-impact reliability events, and only upon a showing of financial necessity and regulatory oversight.

8. On August 11, 2025, the Energy Bureau issued a Resolution and Order (“August 11th Order”) reiterating that the ERA is intended to support system-wide emergency response efforts by LUMA and Genera and stated that a separate resolution would be issued to establish the procedures by which LUMA, Genera, and PREPA may access the account.⁴

9. On August 20, 2025, LUMA submitted a *Notice* to the Energy Bureau to inform that it would require over \$3 million from the ERA to cover expenses incurred during the restoration in response to Hurricane Erin.

10. On September 10, 2025, the Energy Bureau entered a Resolution and Order (“September 10 Order”) by which it provided detailed guidance on the use and administration of the ERA, clarifying its purpose, access criteria, and procedural requirements.⁵ The Energy Bureau determined that the ERA is not a replenishment or substitute for operator-level reserve accounts. Instead, it is a system-wide, restricted emergency fund, funded through base rates, to provide liquidity for extraordinary, high-impact reliability events that exceed normal operating budgets. In accordance with the September 10 Order, access to the ERA requires a case-specific showing of good cause, demonstrating that the event is extraordinary, high-impact, and that the costs cannot

⁴ The September 10 Order was entered in case no. NEPR-AP-2023-000, *In Re: Puerto Rico Electric Power Authority Rate Review*.

⁵ The September 10 Order was entered in case no. NEPR-AP-2023-000, *In Re: Puerto Rico Electric Power Authority Rate Review*. On September 12, 2025, the Energy Bureau issued a *Nunc Pro Tunc Order* to correct a typographical error in the September 10, 2025, Resolution and Order regarding the funding amount of the ERA. The correct amount of the ERA is \$15 million, not \$20 million as previously stated in the September 10 Order. The September 12, 2025, Resolution and Order was also entered in case no. NEPR-AP-2023-000, *In Re: Puerto Rico Electric Power Authority Rate Review*.

be covered by the petitioner's approved operating budget or any other available source (including insurance, grants, or operator-level reserves).

11. In accordance with the September 10 Order, the petition to access ERA funds must include:

- A full description of the emergency event;
- A detailed, itemized estimate of the required funds; and
- A sworn statement certifying that the petitioner's approved operational budget cannot cover the requested costs, are not available from any other source, and have not been and will not be accessed from any OMA or Energy Bureau-established reserve fund.

III. PETITION TO ACCESS EMERGENCY RESERVE ACCOUNT

12. In compliance with the requirements outlined in the July 31 Order and the September 10 Order, LUMA herein submits the following:

a. Full description of emergency event:

13. On the weekend of August 16–17, 2025, Hurricane Erin, a rapidly intensifying tropical cyclone in the Atlantic basin, passed just north of Puerto Rico, producing extraordinary and high-impact weather impacts across the island. Pursuant to data gathered from the National Hurricane Center, Hurricane Erin reached Category 5 status with sustained winds of 160 mph. *See National Hurricane Center, Public Advisory Archive for Hurricane Erin, Nat'l Oceanic & Atmospheric Admin.*⁶ Erin then weakened to a Category 3 hurricane as it moved west-northwest, passing approximately 155 miles north of San Juan. The storm's outer bands delivered heavy rainfall across the island, with totals ranging from 3 to 6 inches and localized amounts up to 8 inches, triggering

⁶ <https://www.nhc.noaa.gov/text/refresh/MIATCPAT5+shtml/120843.shtml> (last visited September 24, 2025)

flash flood warnings and raising the risk of landslides. Coastal areas also experienced dangerous swells and rip currents, prompting advisories from the National Weather Service.

14. Based on the operational data available at the time of this motion, the peak customer outage count attributable solely to Hurricane Erin within the transmission and distribution system, excluding outages associated with scheduled maintenance activities, was recorded at 05:00 hours on August 17, 2025. This outage affected approximately 171,800 customers, representing 11.7% of the system's total customer base. The corresponding maximum number of outage restoration jobs initiated simultaneously was 1,586.

b. Detailed itemized costs incurred:

15. The expenses for labor, materials, and professional services related to the response, recovery, and service restoration efforts caused by Hurricane Erin that LUMA incurred were:

	FY2026 Hurricane Erin Costs				
	Customer Experience	Operations	Utility Transformation	Support Services	ERA Petition
Labor					
Salaries, Wages and Benefits	145	2,504	154	82	2,884
Total Labor	145	2,504	154	82	2,884
Non-Labor					
Materials & Supplies	-	327	-	-	327
Transportation, Per Diem, and Mileage	-	1,128	-	2	1,130
Vegetation Management	-	331	-	-	331
Total Non-Labor / Other Operating Expense	0	1,786	0	2	1,787
Total Labor and Non-Labor/Other Operating Expenses	145	4,289	154	83	4,672

c. Sworn Statement:

16. A sworn statement to certify that the approved operating budget cannot cover the requested costs (i), (ii) are not available from another source (including insurance, grants, operator-level reserves), and (iii) have not been, and will not be, funded from any OMA or Energy Bureau established reserve fund is attached hereto as Exhibit A.

d. Extraordinary and high-impact event:

17. Hurricane Erin was an extraordinary and high-impact event that far exceeded the scope of normal operating conditions for Puerto Rico's electric system. The hurricane reached Category 5 intensity, delivering sustained winds of 160 mph and triggering widespread flash flooding, dangerous coastal conditions, and severe operational disruptions. At its peak, Hurricane Erin caused outages for nearly 172,000 customers, that is over 11% of the entire customer base, requiring a mobilization of restoration resources and incurring millions in emergency costs. These impacts are not only quantitatively significant but also qualitatively distinct from routine weather events, as evidenced by the scale of outages, the intensity of the restoration effort, and the exhaustion of all other available funding sources.

IV. CONCLUSION

18. In light of the foregoing, LUMA has demonstrated that Hurricane Erin constituted an extraordinary and high-impact event, resulting in significant restoration costs that far exceed the scope of its approved operating budget for Fiscal Year 2026. The supporting documentation and sworn statement establish that all available budgeted funds and alternative sources of liquidity have been exhausted. Prompt authorization to withdraw the requested funds from the Emergency Reserve Account is therefore essential to provide the necessary liquidity to cover the emergency response expenses and to maintain the reliability and resilience of Puerto Rico's electric system in the aftermath of this unprecedented event.

V. REQUEST FOR RELIEF

WHEREFORE, LUMA respectfully requests that the Energy Bureau:

- a. Find that Hurricane Erin qualifies as an extraordinary, high-impact reliability event within the meaning of the Emergency Reserve Account, and that the conditions for access have been satisfied;
- b. Grant expedited consideration of this request; and
- c. Authorize LUMA to withdraw \$4,671,625 from the Fiscal Year 2026 Emergency Reserve Account to cover the costs of emergency response, stabilization, and restoration activities associated with Hurricane Erin, as detailed in this motion.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 30th day of September 2025.



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Exhibit A

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

IN RE: FISCAL YEAR 2026 EMERGENCY
RESERVE ACCOUNT

CASE NO. NEPR-MI-2025-0004

SUBJECT: Statement of Ian Kreher in
support of LUMA's Request for
Authorization to Withdraw Funds from the
Fiscal Year 2026 Emergency Reserve
Account for Hurricane Erin Restoration Costs

STATEMENT OF IAN KREHER

I, Ian Kreher, Vice President, Transmission and Substation Operations, LUMA Energy, LLC ("LUMA"), and resident of San Juan, Puerto Rico, hereby declare under oath as follows:

1. I hold the position of Vice President, Transmission and Substation Operations, in LUMA.
2. From August 15 to August 21 of 2025, I served as Incident Commander pursuant to LUMA Emergency Response Plan Annex F – Activation Guide. In accordance with this designation, I was primarily responsible for coordinating and effectuating LUMA's emergency response to Hurricane Erin's effect on the Puerto Rico Electric Power Authority's electric transmission and distribution system.
3. On the weekend of August 16–17, 2025, Hurricane Erin, a rapidly intensifying tropical cyclone in the Atlantic basin, passed just north of Puerto Rico, producing extraordinary and high-impact weather impacts across the island. Pursuant to data gathered from the National Hurricane Center,¹ I understand that Hurricane Erin reached Category 5 status with sustained winds of 160 mph. Erin then weakened to a Category 3 hurricane as it moved west-northwest, passing approximately 155 miles north of San Juan. The storm's outer bands delivered heavy rainfall across the island, with totals ranging from 3 to 6 inches and

¹ National Hurricane Center, Public Advisory No. 25 for Hurricane Erin, Nat'l Oceanic & Atmospheric Admin., <https://www.nhc.noaa.gov/archive/2025/al05/al052025.public.025.shtml> (last visited September 15, 2025).

localized amounts up to 8 inches, triggering flash flood warnings and raising the risk of landslides. Coastal areas also experienced dangerous swells and rip currents, prompting advisories from the National Weather Service.

4. Based on the operational data available at the time of this report, the peak customer outage count attributable solely to Hurricane Erin within the transmission and distribution system, excluding outages associated with scheduled maintenance activities, was recorded at 05:00 hours on August 17, 2025. This outage impacted approximately 171,800 customers, representing 11.7% of the total customer base served by the system. The corresponding maximum number of outage restoration jobs initiated simultaneously was 1,586.
5. The expenses for labor, materials, and professional services related to the response, recovery, and service restoration efforts caused by Hurricane Erin that were incurred by LUMA were:

	FY2026 Hurricane Erin Costs				
	Customer Experience	Operations	Utility Transformation	Support Services	ERA Petition
Labor					
Salaries, Wages and Benefits	145	2,504	154	82	2,884
Total Labor	145	2,504	154	82	2,884
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Transportation, Per Diem, and Mileage	-	1,128	-	2	1,130
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Total Non-Labor / Other Operating Expense	0	1,786	0	2	1,787
Total Labor and Non-Labor/Other Operating Expenses	145	4,289	154	83	4,672

6. The effects of Hurricane Erin in Puerto Rico were extraordinary and of high impact, resulting in operational and financial burdens that far exceeded normal operating budgets.
7. The costs incurred in the restoration of service in the aftermath of Hurricane Erin cannot be covered by LUMA's approved Fiscal Year 2026 Provisional Budget.²

² LUMA's Capital Account - Non-Federally Funded Account (Section 7.5(c)) and Operating Account (Section 7.5(a)) are funded through LUMA's approved Fiscal Year 2026 Provisional Budget.

8. There are no funds from another source, including insurance, grants or accounts, to recover the expenses incurred by restoring service in the aftermath of Hurricane Erin. The costs incurred during Hurricane Erin cannot be addressed through the T&D OMA³ Outage Event Reserve Account (Section 7.5(d)), as that account was last funded in November 2023 and currently has no funds available. As a result, all potential recovery sources have been depleted. While the Contingency Reserve Account (Section 7.5(f)) exists to address temporary funding shortages across accounts, including the Capital Account - Non-Federally Funded Account (Section 7.5(c)), Operating Account (Section 7.5(a)) and Outage Event Reserve Account (Section 7.5(d)), its purpose is to provide a short-term safeguard against funding gaps. It is not designed to serve as the primary source of payment for extraordinary storm costs.
9. As long as the T&D OMA Outage Event Reserve Account remains unfunded, the expenses incurred have not been, and will not be, funded from any T&D OMA or Energy Bureau established reserve fund.
10. Accordingly, LUMA respectfully submits this sworn statement in support of its request for access to emergency reserve funds to recover the costs incurred in restoring service following Hurricane Erin.

³ *Transmission and Distribution System Operation and Management Agreement* executed by LUMA Energy, LLC, LUMA Energy ServCo, LLC, the Puerto Rico Electric Power Authority, and the Puerto Rico Public-Private Partnerships Authority on June 22, 2020. This agreement is supplemented and amended by the *Puerto Rico Transmission and Distribution System Operation and Maintenance Supplemental Terms Agreement*, which was also executed on the same day. This document is referred to as the "T&D OMA."

ATTESTATION

Affiant, Mr. Ian Kreher, Vice President Transmission and Substation Operations for LUMA Energy, LLC, of legal age, married, and resident of San Juan, Puerto Rico, who is personally known to me.

Ian L Kreher

Affidavit No. 492

Acknowledged and subscribed before me by Mr. Ian Kreher, Vice President Transmission and Substation Operation for LUMA Energy, LLC, of legal age, married, and resident of San Juan, Puerto Rico, who is personally known to me.

In San Juan, Puerto Rico, this 30th day of September 2025.



[Signature]
Notary Public