

**GOVERNMENT OF PUERTO RICO
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: LUMA Request for Authorization
to Access Emergency Reserve Account.

RESOLUTION AND ORDER

I. Introduction and Relevant Background

On July 3, 2025, LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA") filed a document titled, *Rate Review Petition* ("July 3 Motion"), through which LUMA filed a System Wide utility level, permanent and provisional, rate petition on behalf of Genera PR LLC ("Genera"), the Puerto Rico Electric Power Authority ("PREPA") and itself. LUMA filed the Provisional Rate request in recognition of the requirement by the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") that any Provisional Rate request should only include expenditures that were high priority and non-controversial and according to Act 57-2014,¹ which provides that a provisional rate must be just and reasonable.

LUMA requested Provisional Rates to replenish and collect the accumulated balance of the Outage Event Reserve account. LUMA asserted that the fund was systematically underfunded by PREPA in an amount of \$239M, of which LUMA sought \$120M to include partial repayment for past expenditures and \$30M to bring the account to the T&D OMA specified level.

On July 11, 2025 PREPA filed a document titled, *PREPA's Motion to Amend Rate Application and Objection to LUMA's Requested Provisional Rate Rider Amount* ("July 11 Motion"), through which PREPA objected to LUMA's Provisional Rate Request on the grounds that LUMA mismanaged the federal funding process which contributed to the current financial crisis and the resulting liability should not be passed on to ratepayers.

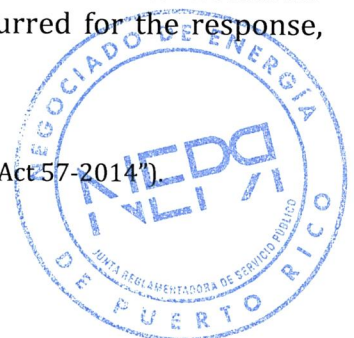
On July 14, 2025, Genera filed a document titled, *Motion in Compliance with the July 14 Hearing Agenda Questions to Genera Related Provisional Rate* ("July 14 Motion"), through which, Genera explained and supported its request for funding of Genera's Outage Event Reserve Account and Generation Maintenance Reserve in the amount of \$30M and \$25M respectively in the Provisional Rate.

On July 31, 2025, the Energy Bureau issued a Resolution and Order ("July 31 Resolution"), through which, the Energy Bureau established the Fiscal Year 2026 Provisional Rates and the Fiscal Year 2026 Provisional Budget. The Energy Bureau rejected the requests by LUMA and Genera for funding of the reserve accounts (LUMA's Outage Event Reserve, Genera's Outage Event Reserve and Generation Reserve accounts) through the Provisional Rate. In their place, the Energy Bureau established a single, system wide, Emergency Reserve Account ("ERA").

On September 10, 2025 the Energy Bureau issued a Resolution and Order ("September 10 Resolution"), through which, the Energy Bureau provided guidance regarding the ERA.

On September 30, 2025, LUMA filed a document titled, *Request for Leave to Withdraw Funds from the Fiscal Year 2026 Emergency Reserve Account for Hurricane Erin Restoration Costs* ("September 30 Motion"), through which, LUMA requested authorization to withdraw \$4.672 million for labor, material and professional services it incurred for the response, recovery and service restoration efforts related to Hurricane Erin.

¹ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").



Through the September 30 Motion, LUMA addressed the procedural filing requirements to access the ERA. LUMA explained the emergency event, detailed the costs incurred and certified that the approved operating budget cannot cover the specified costs, they are not available from another source, and they have not been and will not be funded from any OMA or Energy Bureau established reserve account.

II. Discussion and Conclusion

In the September 10 Resolution, the Energy Bureau established the criteria, evidentiary threshold and urgency trigger necessary to access the ERA. Although LUMA addressed the procedural filing requirements to access the ERA, the Energy Bureau does not find that the event and costs for which LUMA seeks funding qualify for access to the ERA.

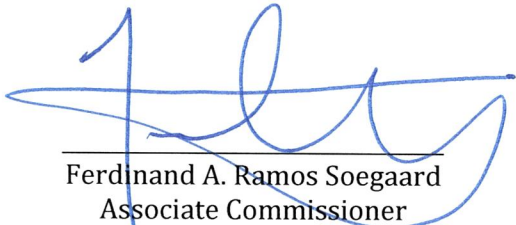
LUMA classified Hurricane Erin as a Type 4 event (Non-Emergency, Heightened Alert Event). While the Energy Bureau makes no determination as to the appropriateness of LUMA’s expenditures, said expenditures do not rise above the level of storm related expenses for which the Energy Bureau created the ERA. The expenses for which LUMA seeks funding do not meet the required case-specific showing of good cause, that the event is extraordinary, of high impact and that the **costs exceed normal operating budgets**. LUMA failed to identify and itemize the extraordinary costs, outside of the normal operating budget, that it incurred because of the emergency event.

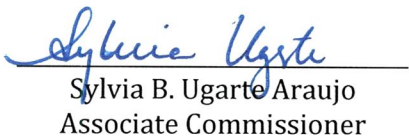
The current rate review will address existing sources of funding for appropriate storm related expenses for which LUMA sought funding in its provisional rate request.

The Energy Bureau **DENIES** LUMA’s request for authorization to withdraw \$4.672 million for labor, material, and professional services it incurred for the response, recovery and service restoration efforts related to Hurricane Erin.

Be it notified and published.


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner


Sylvia B. Ugarte Araujo
Associate Commissioner


Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on October 9, 2025. Chairman Edison Avilés Deliz did not intervene. Also certify that on October 9, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to: margarita.mercado@us.dlapiper.com; katiuska.bolanos-lugo@us.dlapiper.com.

I sign this in San Juan, Puerto Rico, today, October 9, 2025.


Sonia Seda Gaztambide
Clerk

