

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

NEPR

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IN RE: PUERTO RICO ELECTRIC
POWER AUTHORITY RATE REVIEW

CASE NO.: NEPR-AP-2023-0003

SUBJECT: Testimony Adoptions and
Substitution of Witnesses

**MOTION SUBMITTING TESTIMONY ADOPTIONS, AND SWORN STATEMENT
REGARDING SUBSTITUTION OF WITNESSES**

**TO THE HONORABLE PUERTO RICO ENERGY BUREAU, AND ITS HEARING
EXAMINER, SCOTT HEMPLING:**

COME NOW LUMA Energy, LLC (“ManagementCo”), and **LUMA Energy ServCo, LLC** (“ServCo”) (jointly, “LUMA”), and respectfully state and request the following:

1. As is widely known, on July 3, 2025, LUMA filed its *Motion Submitting Rate Review Petition* (“Rate Review Petition”) with this Honorable Puerto Rico Energy Bureau (“Energy Bureau”), pursuant to the filing requirements outlined by the Energy Bureau, as modified by the Hearing Examiner. Amongst other things, the Rate Review Petition included LUMA’s, Genera PR, LLC’s, and the Puerto Rico Electric Power Authority’s witnesses’ supporting pre-filed testimonies.

2. Following an extensive discovery process and other procedural events not relevant here, on October 1, 2025, the Hearing Examiner, Scott Hempling, issued an *Order on Rate Case Procedures* (October 1st Order). In what is relevant, the Hearing Examiner directed that any party seeking to have a witness adopt a prior witness’ July 3rd pre-filed testimony must, by October 15, file a formal motion accompanied by the adopting witness’s affirmation and the witness’s credentials. *See* October 1st Order, p. 3.

3. As advanced,¹ LUMA has designated Ms. Sarah Hanley, Interim Senior Vice President of Customer Experience, and Mr. Miguel A. Sosa Alvarado, Director of Facilities & Infrastructure, to adopt the July 3rd pre-filed testimonies of Ms. Jessica Laird (Customer Experience, Exhibit 7) and Mr. José C. Latorre González (Facilities, Exhibit 17), respectively. Accordingly, LUMA is submitting the corresponding adoptions of the referenced pre-filed testimonies.

4. With this motion, LUMA submits the testimony of Mr. Sosa adopting the Facilities testimony, which presents the Optimal Budget and Constrained Budget for FY2026, FY2027, and FY2028. These budgets pertain to Real Estate, Property and Facilities Management Services, and the Redevelopment Department, and include requests for Operations and Maintenance and Non-Federal Capital funding. Mr. Sosa's testimony, including his personal circumstances and attestation, is attached herein as **Annex A**. To facilitate review, a redline version of the testimony is also attached as **Annex B**. As shown in the markup, the substance of the testimony remains unchanged and does not alter any of the requests made by LUMA in this docket. Therefore, Mr. Sosa's adoption of the Facilities testimony does not affect the parties or intervenors participating in the captioned case.

5. LUMA also submits a sworn statement signed by Ms. Hanley, in which she declares under oath her intent to adopt Ms. Laird's pre-filed testimony for Customer Experience, substituting her as a witness on behalf of that department. This sworn statement is attached as **Annex C**. Ms. Hanley is not formally submitting a revised version of the Customer Experience testimony at this time, as she intends to introduce corrections and file an amended version within

¹ LUMA informed of its intent to have a new witness adopt prior witnesses' July 3rd pre-filed testimonies by way of its *Motion Regarding Witness Panels and Other Procedural Matters*, at ¶ 9, filed on September 26, 2025, as well as during the Virtual Conference held on September 29, 2025.

the next two weeks. To avoid duplication and maintain a streamlined process, LUMA will submit the amended testimony, including the substitution of Ms. Laird's personal circumstances with Ms. Hanley's, in the forthcoming filing. This approach is made in good faith and to prevent any misunderstanding. LUMA believes this will not cause undue prejudice to the parties or intervenors in this proceeding.

WHEREFORE, LUMA respectfully requests that the Hearing Examiner take notice of the foregoing; determine that the pre-filed testimony of Mr. José C. Latorre González has been substituted with the testimony of Mr. Miguel A. Sosa Alvarado; order that, for all purposes in the captioned proceeding, **Exhibit 17** shall now refer to Mr. Sosa's testimony, attached herein as **Exhibit A**; and accept the sworn statement of Ms. Sarah Hanley adopting the pre-filed testimony of Ms. Jessica Laird for Customer Experience.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of October, 2025.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this Notice will be notified to Hearing Examiner, Scott Hempling, shempling@scotthemplinglaw.com; and to the attorneys of the parties of record. To wit, to the **Puerto Rico Electric Power Authority**, through: Mirelis Valle-Cancel, mvalle@gmlex.net; Juan González, jgonzalez@gmlex.net; Alexis G. Rivera Medina, arivera@gmlex.net; Juan Martínez, jmartinez@gmlex.net; and Natalia Zayas Godoy, nzayas@gmlex.net; and to **Genera PR, LLC**, through: Jorge Fernández-Reboredo, jfr@sbgbllaw.com; Giuliano Vilanova-Feliberti, gvilanova@vvlawpr.com; Maraliz Vázquez-Marrero, mvazquez@vvlawpr.com; ratecase@genera-pr.com; regulatory@genera-pr.com; and legal@genera-pr.com; **Co-counsel for Oficina Independiente de Protección al Consumidor**, hrivera@jrsp.pr.gov; contratistas@jrsp.pr.gov; pvazquez.oipc@avlawpr.com; **Co-counsel for Instituto de Competitividad y Sustentabilidad Económica**, jpouroman@outlook.com; agraitfe@agraitlawpr.com; **Co-counsel for National Public Finance Guarantee Corporation**, 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; alexis.ramsey@weil.com; **Co-counsel for GoldenTree Asset Management LP**, lramos@ramoscruzlegal.com; tlauria@whitecase.com; gkurtz@whitecase.com; ccolumbres@whitecase.com; iglassman@whitecase.com; tmacwright@whitecase.com; jcunningham@whitecase.com; mshepherd@whitecase.com; jgreen@whitecase.com; **Co-counsel for Assured Guaranty, Inc.**, hburgos@cabprlaw.com; dperez@cabprlaw.com; mmcgill@gibsondunn.com; lshelfer@gibsondunn.com; howard.hawkins@cwt.com; mark.ellenberg@cwt.com; casey.servais@cwt.com; bill.natbony@cwt.com; thomas.curtin@cwt.com; **Co-counsel for Syncora Guarantee, Inc.**, escalera@reichardescalera.com; arizmendis@reichardescalera.com; riverac@reichardescalera.com; susheelkirpalani@quinnemanuel.com;

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/s/ Margarita Mercado Echegaray
 Margarita Mercado Echegaray
 RUA 16,266

Summary

Moción sobre Adopción de Testimonios y Sustitución de Testigos
presentada por LUMA Energy, LLC y LUMA Energy ServCo, LLC

Mediante la *Moción sobre Adopción de Testimonios y Sustitución de Testigos*, presentada por LUMA Energy, LLC y LUMA Energy ServCo, LLC (“LUMA”) ante el Negociado de Energía de Puerto Rico (“Negociado de Energía”), se exponen los fundamentos procesales y regulatorios que justifican la adopción y sustitución de ciertos testimonios pre radicados en el proceso de revisión tarifaria, radicado el 3 de julio de 2025. LUMA argumenta que, conforme a la Orden Procesal emitida por el Oficial Examinador el 1 de octubre de 2025, es necesario formalizar la adopción de testimonios por parte de nuevos testigos, presentando sus circunstancias personales y credenciales.

La moción detalla el procedimiento seguido, incluyendo la designación de la Sra. Sarah Hanley (Experiencia al Cliente) y el Sr. Miguel A. Sosa Alvarado (Facilidades e Infraestructura) como testigos adoptantes de los testimonios originalmente presentados por la Sra. Jessica Laird y el Sr. José C. Latorre González, respectivamente. Se adjuntan a la moción las declaraciones juradas y versiones marcadas de los testimonios, evidenciando que la sustancia de los mismos permanece intacta y que no se alteran las solicitudes ni se afecta a las partes o interventores.

LUMA enfatiza que la sustitución de testigos y la adopción de testimonios se realiza en cumplimiento de las órdenes del Negociado de Energía y de buena fe, procurando la eficiencia procesal y evitando perjuicios a las partes. Asimismo, se notifica electrónicamente a todos los participantes y abogados de récord en el procedimiento.

Junto con su solicitud para que el Negociado de Energía tome conocimiento y acepte las sustituciones y adopciones propuestas, la moción incluye los anexos correspondientes que documentan el proceso y las afirmaciones de los testigos adoptantes.

Annex A

**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

Direct Testimony of
Miguel A. Sosa Alvarado
Director
Facilities and Infrastructure
LUMA Energy ServCo, LLC

October 14, 2025¹

¹ Testimony executed initially on July 1, 2025 by José Carlos Latorre González, and reissued on October 14, 2025, to reflect personal circumstances of new witness.

Summary of Prepared Direct Testimony of
MIGUEL A. SOSA ALVARADO
ON BEHALF OF
LUMA ENERGY LLC AND LUMA ENERGY SERVCO, LLC

Mr. Miguel A. Sosa Alvarado (“Mr. Sosa”) is the Director of Facilities and Infrastructure at LUMA Energy ServCo, LLC. The purpose of Mr. Sosa’s prepared direct testimony in this proceeding is to present the proposed Optimal Budget for FY2026, FY2027, and FY2028, attributable to Real Estate, Property and Facilities Management Services and Redevelopment Department, (“Facilities” and/or “Department”), and to request Operations and Maintenance (“O&M”) and Non-Federal Capital (“NFC”) funding on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (collectively, “LUMA”).

Mr. Sosa’s testimony addresses the budget that the Department requires to allow LUMA to meet key operational and public policy objectives that benefit customers and LUMA’s employees, and deliver safe, reliable and efficient electric power service. His testimony describes the existing and projected Department costs for staffing, technical and professional services, materials and supplies, utilities, rent and others, and related miscellaneous expenditures. Based on the projected workload, Mr. Sosa recommends an Optimal Budget of \$102.81 million for Fiscal Year (“FY”) 2026, \$48.76 million for FY2027, and \$50.07 million for FY2028.

Mr. Sosa’s testimony for the Department also includes a Constrained Budget, as ordered by the Energy Bureau. Mr. Sosa explains the activities and projects that would be deferred, reduced or defunded under the Constrained Budget, and identifies the impacts of deferring or delaying those activities and projects.

Finally, Mr. Sosa’s testimony supports the costs of the Facilities Department that are included in LUMA’s provisional rate application.

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I. WITNESS AND CASE INTRODUCTION

Q.1 Please state your name, business address, title, and employer.

A. My name is Miguel A. Sosa Alvarado. My business address is LUMA Energy, PO Box 363508, San Juan, Puerto Rico 00936-3508. I am the Director of Facilities and Infrastructure (“Facilities”) for LUMA Energy ServCo, LLC.

Q.2 As the Director of Facilities, what are your responsibilities?

A. I provide strategic leadership, planning, and guidance for the efficient and effective delivery of services within the designated facilities profile, playing a central role in communicating, negotiating, and collaborating with key external partners and ensuring the successful execution of major redevelopment and planning initiatives. My responsibilities include redevelopment, improvements, facilities operations, maintenance, management of assigned fleet assets, tenant improvements, and facilities space, design and services. I am also tasked with LUMA’s real estate and development strategy.

Q.3 On whose behalf are you testifying before the Puerto Rico Energy Bureau of the Public Service Regulatory Board (the “Energy Bureau”).

A. My testimony is on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (“LUMA”) as part of the Energy Bureau’s proceeding NEPR-AP-2023-0003, the Puerto Rico Electric Power Authority (“PREPA”) Rate Review.

Q.4 What is your educational background?

A. I hold a Bachelor of Science in Electrical Engineering from the University of Puerto Rico in Mayagüez.

Q.5 What is your professional experience?

A. My career has been dedicated to facilities, fleet and operations management, where I have developed expertise in building operations, asset management, project management,

technology integration, and strategic planning. I have led teams project execution, cost reduction, sustainability initiatives, and vendor negotiations. My focus has always been on optimizing organizational facilities and driving operational efficiency, while ensuring compliance, safety, and a positive workplace culture.

Q.6 Please describe your work experience prior to joining LUMA.

A. Before joining LUMA Energy, I held the position of Operations Director, at Consolidated Waste Services. There I led a team of 150 employees and oversaw more than 600 assets, including a fleet of 500+ trucks across 8 facilities. I developed and implemented an aggressive preventive maintenance program that improved fleet availability and reduced downtime, while managing multi-million-dollar budgets to ensure cost efficiency through vendor negotiations, strategic purchasing, and utility optimization. My role spanned fleet management, facilities operations, purchasing, and logistics, while also supporting waste collection, transfer stations, landfills, recycling facilities, and waste-to-energy projects. I drove compliance with all regulatory requirements, oversee performance and development plans for staff, and partner with government agencies and customers to ensure satisfaction, negotiate contracts, and deliver sustainable operational results.

B. Prior to my tenure at Consolidated Waste Services, I directed all service center operations in Aggreko. There I managed fleet readiness, technician deployment, and safety compliance. I was accountable for P&L, budgets, and inventory, and consistently achieved profitability goals by implementing strict cost controls. I ensured timely equipment delivery, oversaw preventive maintenance and oil sampling, and maintained high service reliability through effective planning, scheduling, and resource allocation. Earlier in my career, I was the Power Systems Service Manager for Rimco CAT. In this role, I served as the primary liaison between Caterpillar and the local dealer, managing all

technical communications and customer support. I built and supervised a 24/7 emergency call center to support mission-critical clients, implemented preventive maintenance programs tailored to customer operations, and ensured maximum uptime and satisfaction. I also recruited, trained, and led service technicians, providing hands-on technical support across diverse projects.

Q.7 Do you hold any professional licenses? If so, which?

A. No.

Q.8 Have you previously testified or made presentations before the Energy Bureau?

A. No.

Q.9 Are you sponsoring any exhibits with your direct testimony?

A. Yes. I am sponsoring the information applicable to Real Estate, Property and Facilities Management Services and Redevelopment Department in LUMA Ex. 2.03 and LUMA Ex. 2.04. I am also sponsoring the following exhibit in this proceeding:

- Exhibit No. 17.01: Facilities Development & Implementation Program Brief (“PBFM1”) (FY2026)

Q.10 Which documents did you consider for your testimony?

A. The documents I reviewed include:

1. Approved System Remediation Plan (SRP), filed with the Energy Bureau on February 23, 2021, and re-filed on May 8, 2021.²

² Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2021/02/LUMAS-Submittal-and-Request-for-Approval-of-System-Remediation-Plan-NEPR-MI-2020-0019-3.pdf> and <https://energia.pr.gov/wp-content/uploads/sites/7/2021/05/Motion-in-Compliance-with-Order-Submitting-Revised-Redacted-Version-of-SRP-and-Redacted-Attachments-to-Responses-to-RIs-NEPR-MI-2020-0019.pdf>.

2. Order issued by the Energy Bureau in Case No. NEPR-AP-2023-0003, dated February 12, 2025.³

3. And for context, the Facilities Development and Implementation Program Brief. Exhibit No. 17.01.

Q.11 Did you rely on any other information for your testimony?

A. Yes, I relied upon my professional experience working in all key areas that define an effective Facilities Management Department, which consists of a detailed short- and long-term master plan that can address the existing facilities' needs, organizational strategic plan and core missions of the organization. The Department's initiatives outline the tasks required to keep the buildings operational, safe, sustainable and resilient to ensure continuity of operations, assigning key technical staff (heating, ventilation and air conditioning ("HVAC") technicians, electricians, emergency power generators technicians and other personnel) and ensuring availability of proper tools, spare parts and procedures to drive effective performance of day-to-day tasks while remaining responsive to the needs of our employees. The initiatives also align with all safety and environmental laws and regulations (local and federal), specifying the behavioral norms and training required to maintain a knowledgeable, efficient, and responsive staff. Technology requirements are also defined in the initiatives, from ensuring well-maintained database to support empirically based decisions to keeping a maintenance management and record system that measures departmental efficiency. and is also used as a tool to measure customer satisfaction and efficiency in the department. All of the initiatives are focused on workspace analysis and improvements, whether they are driven by energy conservation,

³ Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2025/02/20250212-AP20230003-Resolution-and-Order.pdf>.

capital improvements, and / or building restorations.

Q.12 Briefly describe the purpose of your Direct Testimony.

A. My testimony supports the portion of LUMA’s proposed Optimal and Constrained Budget for FY2026, 2027, and 2028 attributable to the Corporate Services – Real Estate, Property and Facilities Management Services and Redevelopment Department, (“Facilities” and/or “Department”), requesting Operations and Maintenance (“O&M”) and Non-Federal Capital (“NFC”) funding to allow LUMA to meet key operational and public policy objectives that benefit customers and LUMA’s employees, and deliver safe, reliability and efficient electric power service. I am also supporting the Department’s incremental costs from the FY2026 Temporary Default Budget that are included in LUMA’s provision rates application.

Q.13 Please provide an overview of how your testimony is organized.

A. In Section II, I provide background on the Facilities Department and LUMA’s contractual and legal obligations as they pertain to the duties of the Facilities Department. In Section III, I present the proposed costs for the Department supporting the Optimal Budget. In Section IV, I present the proposed costs for the Department included in the Constrained Budget and describe the costs and activities that were eliminated or deferred and the impact of the Constrained Budget. Lastly, in Section V, I describe the Provisional Rate request for the Facilities Department.

II. BACKGROUND

Q.14 What are the key functions of the Facilities Department?

A. The Facilities Department manages and maintains resilient, efficient and safe facilities for LUMA’s employees and customers. The Department is responsible for: (1) affording employees suitable and clean workspaces so that they can focus on their duties in

transforming and operating Puerto Rico’s Transmission and Distribution System (“T&D System”); and (2) providing customers with optimally located and well-maintained buildings within which to safely and efficiently conduct their business. We achieve all this by operating and maintaining the major systems (air cooling and conditioning systems, roofs, building electrical substations, illumination systems, emergency power generators, water systems and cisterns and electronic fire detection, alarms and suppression systems), working areas (e.g., perform janitorial and refuse services), and fire extinguishers, making repairs on failing building installed equipment, and improving our grounds (landscaping) for all of our facilities. Our responsibilities also encompass ensuring that the facilities are appropriately located to support quicker response to unplanned outages and major events such as storms and earthquakes. The Department’s key functions include: (1) Operations and Maintenance (“O&M”); (2) Real Estate Planning and Working Spaces Improvement; and (3) Business and Support Management, emphasizing that a functional and relevant facilities management department is more than “cleaning and fixing” damaged items in a building.

Q.15 Please describe the Department’s Operation and Maintenance (“O&M”) function.

A. This function entails managing buildings and grounds that are distributed among four (4) Facility Operational Regions (“FOR”) across Puerto Rico: Santurce Campus, San Juan-Caguas, Bayamón-Arecibo and Ponce-Mayagüez. The four (4) regions provide facility services to 278 buildings. The Department provides preventive maintenance, scheduling and conducting repairs or restorations, maintaining facility safety protocols, managing janitorial and landscaping services, managing fire prevention programs, performing regular facility inspections, and preparing Facility Status Reports that consist of detailed formal inspection conducted yearly and after a significant event. This report provides

valuable input into the master plan that outlines any safety or infrastructure issues that will require prioritization and/or special work.

Q.16 Please describe the Department's Real Estate Planning and Working Spaces Improvement function.

A. Real Estate Planning ("REP") and Working Spaces Improvement ("WSI") develops, maintains, and updates the Real Property Development Plan. The Real Property Development Plan represents the product of LUMA's facilities master planning process, identifying the organization's goals and objectives and establishing accountabilities for the development and operation of LUMA's acquisition, management, and disposal of real property. In doing so, it serves as a framework for allocating resources to sustain, restore and modernize our facilities.

The Department also manages leases, shared facilities (with PREPA and other public or private entities) and agreement programs. This responsibility requires real estate market research concerning government-owned real estate and privately held real estate, the conduct of initial negotiations and the establishment of communications with potential landlords. Once a property is designated suitable, safe and within financial constraints, the contracting and due diligence process is performed. And as the contract is completed, this function oversees the contract and ensures that both parties (Landlord and LUMA) comply with all obligations. These activities extend to initiating formal agreements with government entities and/or municipalities for the use of land and materials placement yards during emergencies and special events; (known as Agreement Programs), and coordinating the acquisition of new real property, validating the design of working spaces, conducting working spaces audits, and designing office restoration and improvement projects.

Q.17 Please describe the Department's Business and Support Management function.

A. Business and Support Management operates and manages the systems and technology tools assigned to the Department (e.g., Service Now (Service Request tool where the users request repairs and services in our facilities)), Facilities Management ('FM') systems (Software used as the database to record preventive maintenance and facilities inventory and other Facility management functions), BMS (Building Management Systems is the software used for conducting automation and control of air conditioning systems, electrical and lighting controls) , etc.). The Department assembles specialized contracts for the facilities, including the identification and/or verification of requirements, writing scopes of work, performing market research for potential bidders, requesting funds, following up during contract development, preparing packages for modifying contracts, coordinating site visits, receiving, validating and processing invoices and serving as the main liaison with procurements and all departments associated with contract development. The team in charge of this function manages all the administrative requirements unique to facilities, such as coordinating specialized training, supporting special communications (e.g., special Informational Messages that need to be sent to employees in certain areas to report unscheduled maintenance, changes in the use of exits, parking, etc.). These are urgent messages that cannot wait for the Public Relations or communication releases. Also, this function develops internal policies and serves as the primary coordinator for all employee issues and feedback programs.

Q.18 Please describe the Department's Capital Projects Team function.

A. The Capital Projects Team ("CPT") oversees processes governing the execution of large-scale, capital-intensive investments to build, add, or improve a specific asset in a facility (i.e., power generator, air conditioner system, chiller, air handling unit, etc.) and / or

repair and / or replace existing facilities that fall under the purview of the Facilities Department. It validates project cost documentation, writes Architect-Engineering (A-E) scope of work, and oversees the design effort.

Q.19 Please describe the Department's Preventive Maintenance Team function.

A. The Preventive Maintenance ("PM") team develops and implements preventive maintenance policies and quality assurance tests and maintains and repairs emergency power generators and other major systems or assets, including air conditioning systems, ice machines, fire control systems, water cisterns and building envelopes, that are in LUMA's facilities.

Q.20 Please provide an overview of Facilities when LUMA commenced service.

A. At commencement, the Facilities Department was comprised of four (4) decentralized divisions across Puerto Rico and did not have established workflows or practices to drive inter-departmental collaboration and coordination. There was a notable absence of experience, programs, processes, training, tools, and equipment, to operate and maintain building assets in a safe and efficient manner.

Facilities remained damaged from Hurricanes dating back to 2017 due to insufficient maintenance and investment in facilities themselves. Fences and security infrastructure were lacking, thus posing unsafe and in some cases, uninhabitable conditions for employees. Several facilities lacked proper fire and safety alarms and smoke detectors, and several facilities had hazardous or environmentally unsafe conditions or contained dangerous materials / products. Several facilities did not meet the American with Disabilities Act (ADA) due to the aging and other infrastructure challenges. LUMA also identified a lack of inventory and asset tracking. Auditing and

decommissioning processes were deficient. Finally, PREPA lacked business continuity plans for post-emergency events.

Also, the Department was recently assigned the responsibility of maintaining the facilities within substations. These are in deplorable condition after years of disrepair and inadequate maintenance.

Q.21 Has the Department achieved improvements to overcome those deficiencies?

A. Yes.

Q.22 Please explain.

A. Operating within constrained budgets, the Facilities Department has advanced the Facilities Development and Implementation Program and focused on key foundational initiatives. Those initiatives include the establishment of centralized planning, management and direction, with decentralized execution among the regions, development of a comprehensive employee training program and work order tracking mechanisms, implementation of a preventive maintenance services program with a centralized database that provides critical information and records and recruiting an internal workforce that serves a broad range of the Department's facilities management needs.

The Department also established a core Facility Service Department ("FSD") and system to inspect and evaluate the existing conditions of each facility and assist in its role of supporting the grid and core operations. The purpose of this service department is to establish benchmarks for planning and to allocate funds for future infrastructure and capital investments.

The Department carried out site abatement and remediation or legal containment for hazardous materials in close collaboration with the Health Safety, and Environmental ("HSE") Department. We ensure that LUMA complies with local, commonwealth and

234 federal laws and regulations. We prioritize compliance and remain focused on
235 opportunities to improve and operate our facilities.

236 Importantly, we have maintained a well-trained workforce. An example of this is
237 our Building Operators Certification Program, where innovative training and certification
238 training was developed in collaboration with the Polytechnic University of Puerto Rico
239 (“PUPR”). We achieved our goal to train, test and certify our building operators in all tasks
240 that involve Facilities Maintenance and Management.

241 Finally, during the past year, the Department conducted an intensive repair plan to
242 address the most critical issues affecting safety and security, mitigation actions, pending
243 availability of capital improvement funds to initiate projects to bring to code those facilities
244 that require a more extensive repair or replacement.

245 **Q.23 Has the Department identified any challenges after commencement of operations of**
246 **the T&D System?**

247 A. Yes.

248 **Q.24 Please explain.**

249 A. Though the Facilities Development and Implementation Program (“FDIP”) is designed to
250 provide LUMA with reliable, well-functioning facilities and a predictable level of
251 corrective maintenance, actual execution has resulted in a “run-to-failure” mode of
252 operation where reactive, more costly, “after the fact” repairs and replacements are made.
253 Also, work management relies on rudimentary Excel spreadsheets, versus more
254 sophisticated Computerized Maintenance Management Systems (“CMMS”) in use across
255 the industry. This reactive mode of operation and lack of sophisticated work management
256 tools limit LUMA’s ability to apply industry-accepted life cycle asset management
257 practices in managing its facilities.

The System Remediation Plan (“SRP”) for Facilities remains a “work-in-progress” and the Department requires additional funding to reach remediated state. Pursuant to the FDIP, LUMA aims to complete construction on sites damaged by hurricanes, flooding, and earthquakes with certificates of inspection and occupancy that meet building code and municipal regulations. The projects to repair or replace facilities remain in the planning phase. Prioritization of grid-related projects over those related to general facilities continues to delay the full execution of those projects. Therefore, those facilities that do not meet the safety codes have remained closed, and those experiencing less damage have been repaired and remain in operation.

Q.25 Are the functions performed by the Facilities Department required by the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement of June 22, 2020 (“T&D OMA”)?

A. Yes. The Facilities Department enables LUMA to comply with the requirements of the T&D OMA and the System Remediation Plan (“SRP”)⁴ that is a requirement of the T&D OMA and was approved by the Energy Bureau. The Department supports the transition to standards of performance, including the SRP’s requirement to remediate, repair, replace, and stabilize equipment, systems, practices, and services, as may be needed, to enable LUMA to perform operations and maintenance services in compliance with the Contract Standards.⁵ Of importance is compliance with “Contract Standards” that include the terms, conditions, methods, techniques, practices, and standards imposed or required by Applicable Law, and Prudent Utility Practice.⁶

⁴ See T&D OMA, Section 4.1(d), at 41-42.

⁵ See T&D OMA, Section 4.1(d)(ii), at 41.

⁶ See T&D OMA, Section 1.1, at 9. “Prudent Utility Practice” is defined in the T&D OMA as those

279 The Department supports LUMA’s duties as Operator of the T&D System to
 280 manage, operate, maintain, repair, and replace the T&D System and establish policies,
 281 programs and procedures with respect thereto in accordance with Contract Standards.⁷
 282 Particularly, the requirements of Section 5.19(c) of the T&D OMA, which states that
 283 LUMA shall identify real properties or rights that need to be acquired to provide
 284 operation and maintenance services (“O&M Services”),⁸ and of Annex I, Section I(A)
 285 that provides that, for the safe and reliable operation and maintenance of the T&D
 286 System, LUMA shall perform expansions and replacements to meet Contract Standards,
 287 including asset management, asset acquisitions, or procurement.⁹

288 Also relevant is Annex I of the T&D OMA, Section II. A, that imposes upon
 289 LUMA the responsibility for managing and maintaining all assets of the T&D system,
 290 including machinery, equipment, structures, improvements and condition assessments of
 291 the electrical system components, in accordance with the Contract Standards, including
 292 (1) development and implementation of asset management strategies and risk
 293 optimization for combined technical performance, life cycle cost, safety, customer
 294 satisfaction and regulatory compliance, and (2) real estate management, leases and
 295 agreements.¹⁰ Finally, Annex I, Section VIII(A) of the T&D OMA which demands that

“practices, methods, techniques, conduct and acts that, at the time they are employed, are generally recognized, and accepted by companies operating in the United States electric transmission and distribution business [...] and take into account the facts and characteristics of the T&D System and System Power Supply known at the time the decision was made.” See T&D OMA, Section 1.1, at 26.

⁷ See T&D OMA, Section 5.1, at 62, and Annex I, Section I(A), at I-1.

⁸ See T&D OMA, Section 5.19(c), at 78.

⁹ See T&D OMA, Annex I, Section I(A), at I-1.

¹⁰ See T&D OMA, Annex I, Section I(A), at I-4.

LUMA perform normal and ordinary maintenance of property of the T&D System.¹¹

Q.26 How are the functions of the Facilities Department related to Puerto Rico’s energy public policy goals?

A. In maintaining and administering facilities of the T&D System, the Department allows LUMA to provide an essential service and, thus, to advance energy public policies such as those stated in Act 57-2014 and Act 17-2019, including that, as an electric power company in Puerto Rico and the Operator of the T&D System, LUMA shall provide an adequate, reliable, safe, efficient service per Section 6.21(a) of Act 57-2014¹²; ensure the continuity and reliability of the electrical system, by facilitating and promoting the construction of efficient and resilient infrastructure per Section 1.10(e) of Act 17-2019¹³; and to ensure that specific improvements to the Electrical System are carried out to render it robust, resilient, and stable in accordance with the modernization and reconstruction priorities established in Section 1.15 of Act 17-2019¹⁴, all requiring well-maintained and fully operational facilities.

The Department also helps LUMA meet regulatory mandates of International Building Codes and the Occupational Safety and Health Administration (“OSHA”).

III. OPTIMAL BUDGET

Q.27 What is the proposed Optimal Budget for the Facilities Department?

A. Facilities is requesting a three-year budget (FY2026-FY2028) of \$201.65 million (\$122.03 million in O&M and \$79.62 million in NFC). Looking at the FY2026 budget, the proposed budget of \$102.81 million (\$38.60 million in O&M and \$64.21

¹¹ See T&D OMA, Annex I, Section VIII(A), at I-12.

¹² 22 LPRA § 1054t (2025).

¹³ 22 LPRA § 1141i (2025).

¹⁴ 22 LPRA § 1141n (2025).

million in NFC) represents an increase of \$76.91 million (\$15.70 million in O&M and \$61.21 million in NFC) over the FY2025 approved plan and noted decreases in FY2027 and FY2028 to approximately \$48 million each year (e.g., the majority of the NFC funding requirements reside in FY2026).

	FY2025 Approved Amount (\$MM)		FY2026 Amount Required (\$MM)		FY2027 Amount Required (\$MM)		FY2028 Amount Required (\$MM)	
Program/Activity	O&M	NFC	O&M	NFC	O&M	NFC	O&M	NFC
Staffing	\$7.9	-	\$9.57	-	\$10.30	-	\$10.82	-
Materials and Supplies	\$2.0	-	\$2.57	-	\$2.70	-	\$2.84	-
Technical and Professional Services ²	\$5.1	-	\$10.72	-	\$11.18	-	\$11.74	-
Utilities & Rent	\$5.9	-	\$13.48	-	\$14.14	-	\$14.84	-
Miscellaneous Expense ³	\$2.0	-	\$2.26	-	\$2.37	-	\$2.49	-
Facilities SUBTOTAL	\$22.9	\$3.0	\$38.60	\$64.21	\$40.69	\$8.07	\$42.73	\$7.34
Facilities TOTAL	\$25.9		\$102.81		\$48.76		\$50.07	
NOTE 1: Detailed breakout of NFC budget by individual project is presented in Table 6.								
NOTE 2: Technical and Professional Services line includes Professional & Technical Outsourced Services and IT Service Agreements.								
NOTE 3: Miscellaneous Expense line includes Transportation, Per Diem, and Mileage and Misc. Expenses.								

Q.28 Please describe the process undertaken to arrive at this proposed Optimal Budget.

A. Per the approach taken across all LUMA's departments, the Facilities Department built its operation and maintenance ("O&M") and Non-Federally Capital ("NFC") budgets from the bottom up. For O&M costs, we started at the cost center and within that, the Kind of Expense – "KOE" level, identifying activities required to achieve the remediated state addressed in the FDIP, and for NFC costs, we built estimates at the project level, developing a prioritized list of capital repairs, replacements, and additions shown in Table 6. O&M and NFC cost estimates were reflective of our knowledge of the condition, functionality and capacity of our facilities, the assumption of new responsibilities, such as a shift of substations from T&D Operations to Facilities, and Facilities Department-

related programs that have not yet been fully implemented, such as preventive and predictive maintenance, master planning and programming, full scope facilities management, customer engagement, and the building operator's certification program. In addition, the costs were developed using current costs and historical expenses as base costs.

With the total needs identified, we then looked at executability in terms of resource availability and supply chain considerations, and then adjusted the FY2026 projection with focus on (1) duration to prevent any further slippage in timelines of the SRP, and (2) achievability, accounting for the effect that responding to emergencies and unexpected equipment failures will still have, at least in the short term, on the deployment of our current resources.

Multiple reviews were conducted. The budget was initially prepared at the sub-department level by team leaders who fully understand their funding requirements, approved by me and my Department Head, and then submitted for consolidation, review, and approval by LUMA's Executive Leadership Team.

Q.29 How did the Facilities Department determine that all costs included in the Optimal Budget are reasonable?

A. In determining the reasonableness of the costs included in the Optimal Budget, the Facilities Department adopted a comprehensive and methodical approach based on both internal analyses and external validations. The process began with the development of operating, maintenance, and capital expenditure budgets from scratch. This involved identifying all necessary activities at the most detailed level (as explained above, this is assessed in conjunction with the KOE evaluation) to achieve the improvements and target operating status set out in the Facilities Department's Improvement Plan. For NFC

356 projects, estimates were developed at the project level, with a prioritized list of repairs,
357 replacements, and additions based on the current condition, functionality, and capacity of
358 the facilities.

359 A key factor in establishing the reasonableness of the projected costs was the use
360 of a wide variety of data sources. The Facilities Department relied on actual historical
361 expenditures and the results of current and previous maintenance contracts. Vendor
362 quotes, recent competitive processes' results, and historical material and supply cost
363 records were also incorporated into the budget process. This ensured that the budget was
364 informed by both past spending patterns and current market realities.

365 To further ensure that costs were competitive in the marketplace, the Department
366 conducted comparative analyses against industry standards. For example, the current cost
367 per square foot for facility management was about \$2, while industry norms for
368 maintaining older buildings typically fluctuate between \$5 and \$7 per square foot. The
369 proposed Optimal Budget would increase this figure to \$4 per square foot, representing
370 significant progress toward alignment with industry benchmarks and reflecting a more
371 realistic cost structure for the scope and age of facilities under management.

372 External validation played a key role in the budget process. The Facilities
373 Department obtained quotes and support from multiple vendors and consultants to
374 develop the cost estimates. These external inputs were used to validate internal
375 projections and ensure that the budget reflected prevailing rates in the market. In
376 addition, all expenses, except salaries, were subject to competitive procurement
377 processes, ensuring that prices were tested and validated through competition in the
378 market.

379 The reasonableness of the budget was further strengthened through a multi-level
380 review and approval process. Initial budget proposals were prepared at the subdepartment
381 level by team leaders with direct and personal knowledge of operational needs. These
382 proposals were then reviewed and approved by department heads before being
383 consolidated and subjected to increased scrutiny by LUMA's Executive Leadership
384 Team. This layered review process provided additional monitoring and validation of the
385 proposed costs.

386 Resource availability and enforceability were also carefully considered. The
387 Department assessed whether the proposed budget could be realistically executed, taking
388 into account current staffing levels, supply chain constraints and the potential impact of
389 emergencies or unexpected equipment failures. Adjustments were made to ensure that the
390 budget was both achievable and sensitive to operational risks.

391 For NFC expenditures, a risk-based classification methodology was applied to
392 prioritize projects. This methodology considered risk to security, operational continuity,
393 acquisition feasibility, and strategic alignment, ensuring that the most critical needs were
394 addressed first. Projects with higher risk scores were given priority, especially those
395 related to safety and compliance.

396 The budget also accounted for new responsibilities, such as transferring
397 substations (previously handled by the Operations Department) to the Facilities
398 Department, expanding facilities to accommodate a growing workforce, and
399 implementing new programs such as preventive and predictive maintenance. When
400 possible, the Department planned to reduce reliance on higher-cost outside contractors by

increasing in-house staffing, particularly in areas such as landscaping, electrical generators, plumbing, electrical, and HVAC.

Inflationary factors and regulatory compliance costs were incorporated into the budget, with estimates for permits and other regulatory requirements developed in collaboration with relevant departments and based on established fee structures. LUMA also considered quotes that were received prior to developing the budget.

The Facilities Department's approach to determining cost reasonableness in the Optimal Budget was rigorous, data-driven, and multifaceted. By leveraging historical data, market benchmarks, competitive procurement, risk assessments, and multiple levels of internal and external review, the Department ensured that the budget was reasonable and aligned with operational needs, safety requirements, and industry standards.

Q.30 What key initiatives are addressed in the Optimal Budget?

- A. Underlying all our efforts is ensuring that the foundational business elements are in place, ranging from proper assimilation of new hires to providing strategically placed, well-maintained facilities to support the field operations, and to make significant headway in achieving remediation per LUMA's SRP. The key initiatives are aimed at addressing the shortfalls of operating within a constrained budget since commencement and include:
- (1) providing a safer and more reliable environment for LUMA employees and customers, by prioritizing the work that is required to meet safety and environmental regulations, in the fastest time possible to reduce risks and operational "down-time";
 - (2) adopting a preventive maintenance approach focused on maximizing the useful life of assets, moving from a reactive paradigm to a preventive and predictive facility maintenance program, while addressing through NFC funding issues that leave current facilities in a serious state of disrepair and/or out-of-compliance with International

Building Codes and OSHA regulations; (3) implementing a robust Computerized Maintenance Management System, to maintain a reliable record that will serve as a tool to measure progress and improvement opportunities; (4) expanding and further developing the Department's staff to keep pace with increasing business requirements by providing fast and efficient service to our employees and customers, more specifically, addressing the expected significant increase in overall LUMA headcount of requiring an estimated 180,000 square feet of additional space, attributed to a stepped increase in T&D system-wide capital investments (5) completing architecture and engineering assessment of all 278 facilities with the establishment of standards and specifications for each facility under the responsibility of LUMA; (6) procuring services to perform repairs, make improvements, remediate or reconstruct facilities; (7) renovating office spaces to densify and maximize space to accommodate LUMA's growing workforce, combined with consolidation and more strategic placement of facilities, which in the long term will reduce lease-related costs and improve access, from both a customer service perspective, and worker efficiency perspective; (8) implementing an infrastructure repair program to comply with seismic and current building codes; and (9) meeting the added responsibility of maintaining substations that has recently been transferred from T&D Operations to the Facilities Department, and the cost of bringing to codes and standards the more than three hundred and seventy (370) facilities located within the substations.

Q.31 Please explain the budgetary increase of \$78 million for FY2026 over the FY2025 budget for the Department.

A. Past levels of funding, driven by our need to operate within budgets supported by current rates, has stretched our ability to maintain and operate serviceable facilities that can be operated reliably, safely, and cost-effectively. Rather than making headway across the

board in maintaining, operating, and upgrading LUMA’s facilities, the Facilities Department has had to adopt a risk-based approach in projecting near-term failures, and has focused the majority of its proactive planning and spending on those facilities deemed most critical to LUMA’s mission to provide safe and reliable service to its customers, and had to adopt a “run-to-failure” strategy for the balance of its assets. Further, ancillary services (such as deep cleaning janitorial services, pest control, landscaping, painting, pressure washing, window and door replacements, renovations, shredding services, energy and sustainability related initiatives) have necessarily been reduced to minimum service levels. This approach is not sustainable for FY2026 and beyond because worker safety and health will suffer with corresponding increases in employee lost time and insurance and liability risks. Additionally, remediation as outlined in the FDIP will not be achieved, and LUMA will be out of compliance with international building codes.

A. Proposed O&M Costs

Q.32 What costs are included in staffing?

A. Staffing costs include annual compensation and benefits of the Department’s current 111 employees and planned 57 full-time equivalents (“FTEs”) to be added by FY2026, and only slight additions in the Business and Support Management section (i.e., 2 FTEs) in FY2027. These costs also include overtime which is estimated using the projected work involved in the initiatives.

Table 2. Departmental Staffing Summary

Section	Budgeted Headcount				Scope and Reason for Increase
	FY2025	FY2026	FY2027	FY2028	

Operations and Maintenance	56	85	85	85	• 2 Power Generator Technicians – Establishing contracts for preventive maintenance and repairs of more than 100 power generators would be more costly. • 2 Area Supervisors – Increasing from four to six areas to deal with the substation facilities more efficiently. • 1 Capital Projects Manager – Filling a vacant position (Professional Engineer) • 4 Master Plumber – Increased demand for plumbing work, and on the net, contracting would prove more expensive. • 9 Assistant Electricians – All electricians should work on team of two: not happening now. • 4 HVAC Technician – To deal with substations (newly assigned to the Facilities Group) and support the two additional regions. • 4 Facilities General Workers – To meet increasing demand for general building repairs
Real Estate and Working Spaces Improvement	13	27	27	27	The following additional positions are required to meet increasing demand for space restorations: • 5 Construction Workers • 1 Senior Construction Workers • 2 Project Coordinators • 2 Junior Coordinators • 1 Project Coordinator • 1 Project Manager • 1 Junior Project Coordinator • 1 Master Planner- Master planning duties are currently being conducted by personnel with no experience in real estate planning (required to address this knowledge and experience gap)
Business and Support Management	42	56	58	58	• 10 Landscapers – to accommodate increase in acreage to maintain and the need to regionalize the service for improved efficiency. • 2 Senior Landscapers – Same as above • 1 Facility Service coordinators – Vacant due to attrition • 1 Tennant Service Supervisor – Vacant due to attrition • Property Coordinator (2027) – No property bookkeeper
TOTAL	111	168	170	170	

Q.33 From a higher-level perspective, why is the Department adding FTEs?

A. As supported in my responses to questions Q.31 and Q.32 above, and further outlined in Table 2, the main reasons driving these increases are (1) the needed shift from reactive maintenance to a more comprehensive proactive and planned maintenance regimen,

(2) additional requirements related to adding substations under the Facilities department purview, (3) expansion of current facilities and addition of new facilities to accommodate an expanded system-wide workforce, and (4) efforts to decrease reliance on higher-cost external contractors, particularly in the areas of landscaping, power generators, plumbing, electrical, and HVAC.

Q.34 How did the Department project the staffing costs for FY2027 and FY2028?

A. The increase in FY2027 and FY2028 address the addition of 2 individuals in the Business and Support Management section in FY2027, and annual increase in salaries, fringe benefits and bonuses.

Q.35 How did the Department project Materials and Supplies?

A. The base cost for materials and supplies included actual costs, previous historical records, planned projects repairs (such as retrofit of lighting systems in buildings and warehouse, repair of fire suppression systems, elevators restoration, fence repairs, new grease traps, parking paving, etc.), and, where applicable, inflation. These costs include, but are not limited to, paint, spare parts for HVAC systems, plumbing items, power generators engine parts and filters, air handling unit lighting, tools, etc. The increase is mainly due to the necessity of acquiring additional materials and supplies to maintain inventory levels and ensure that the department meet the ongoing needs identified.

Q.36 Please identify the types of costs included in Technical and Professional Services.

A. Table 3 below lists the contracted Facilities Management services and estimated costs that comprise the Optimal Budget:

Table 3. Technical and Professional Services Summary

Technical and Professional Service	FY2026 Estimated Cost (\$M)
Janitorial Services	\$6.00

Fire Detection/Alarms/Suppression Systems Repair, Operation	\$1.37
Elevators Systems Retrofit and Modernization	\$0.28
Preventative Maintenance and Repairs of Major Building Systems (HVAC, plumbing, electric, power generators, etc.)	\$1.30
Miscellaneous	\$1.70
IT Service Agreements	\$0.07
TOTAL	\$10.72

Q.37 Please explain what the costs included in Technical and Professional Services are based on.

A. The Facilities Department developed its technical services budget through a detailed, bottom-up process that included historical expense data, current supplier quotes, and comparisons to industry standards. Cost projections for services such as cleaning, HVAC maintenance, elevator inspections, generator repairs, and engineering support were validated using independent estimates and consultations with both internal procurement experts and external consultants. All expenses related to technical and professional services, except salaries, are subject to competitive procurement processes to ensure that prices are in line with the market. The total estimated cost for these services in fiscal year 2026 is \$10.7 million, with a strong focus on security, business continuity, and regulatory compliance.

Q.38 Please explain the basis for the increase from FY2025 to FY2026 in Technical and Professional Services.

A. The drivers for this increase are: (1) \$3.5 million to perform janitorial services for all LUMA facilities to an acceptable standard (currently not the case), and (2) \$2 million to expand applicable services provided by the Facilities Department to 28 critical substation facilities (previously under the purview of T&D Operations).

Q.39 Please explain the basis for the increase from FY2026 to FY2027 in Technical and Professional Services.

A. The minor increase reflects our best estimate of demand for these services based on historical trends in spending levels, projected scope increases (e.g., janitorial services due to projected increases in staffing levels), and the effect of inflation, as discussed above.

Q.40 What types of costs are included in Utilities, Rent, and Other?

A. The costs for utilities include electric service and potable water across all facilities - including the newly assigned substations, whereas rent addresses leases for all LUMA facilities, and “Other” is primarily parking areas for LUMA employees.

Q.41 Please explain the basis for the increase of \$7.6 million from FY2025 to FY2026 in Utilities, Rent, and Other.

A. The projected increases apply across each of the three categories:

- Utilities –Includes an increase of electric service on all assigned facilities and additional potable water for the newly assigned substations. During the past fiscal year, the water-related costs for the substations were almost \$2.0 million, and current fiscal year costs (through February) are nearly \$1.6 million, forecasted to be nearly \$2.4 million by the end of FY2025. Therefore, we are projecting a total for FY2026 close to \$2.7 million.
- Rents – Includes increased costs for new leases for laydown yards, warehouses, and swing spaces for administrative offices for Capital Programs and call center (refer to Table 4 for estimates)
- Parking – Addresses needs for employee parking in those facilities where the spaces included in current leases are not sufficient, extension of current lease agreement for 100 additional spaces, and leases for expanded parking spaces to

accommodate additional employees to be hired to support LUMA staffing needs in FY2026 (refer to Table 4 for estimates).

Table 4. Proposed New Rents List

Description	Annual Budget (\$K)	Justification
Warehouse Facilities	\$420	LUMA is maximizing the offices areas and replacing the current workstations with other smaller workstations to accommodate more people in the facilities. Some of the furniture/workstations taken out from the facilities are in good shape and should be stored to be reused in other facilities or donated or disposed of in accordance with Puerto Rico Government processes.
Building for Capital Programs	\$1,200	The Capital Programs department is projected to grow at a pace faster than we can make modifications to maximize existing office space. After completing a space planning evaluation, we determined that we could provide up to 200 additional workstations in existing facilities as compared to an estimated need for 600. To address this gap, we are contemplating the lease of an additional building, a solution that is faster and less expensive than further maximizing office space in Santurce and Monacillos.
Warehouse (4 - 1 per region)	\$1,200	Capital Programs has requested several warehouses in different locations across the island to store basic construction material near the work.
Laydown Yards (6)	\$1,500	Capital Programs also requires several laydown areas (yards) in different locations across the island to store basic construction material required to support capital work.
300 Parking Spaces	\$540	There is a noted shortage of parking available in the Santurce area. Facilities has located a building near LUMA's Santurce offices and is planning to establish a lease agreement with the owner. These 300 spaces meet 60% of the projected need for additional parking in this area.

It is important to consider that most of these spaces, as explained in the table above, are necessary to allow capital projects (executed by Capital Programs) that LUMA executes to transform the T&D System to be completed.

Also, I should highlight that in addition to requesting these budgets, we are working in parallel with the Government of Puerto Rico for several mutual agreements that would provide space and lots for LUMA to use free of charge. This has already been finalized for two projects, and we continue to work to expand the initiative.

Q.42 What types of costs are included in Miscellaneous Expense?

A. Table 5 provides a breakdown of the major items that fall under the Miscellaneous category:

551 **Table 5. Miscellaneous Costs Summary**

	FY2026 Estimated Cost (\$M)
Land Transportation	\$1.58
Per Diem & Traveling Expenses	\$0.03
Air Transportation	\$0.04
Rentals – Equipment	\$0.06
Training	\$0.49
Misc.	\$0.06
TOTAL	\$2.26

552 **Q.43 Please explain how the costs included in the budget for Miscellaneous Costs were**
553 **developed.**

554 A. The Facilities Department conducted an analysis using actual costs and data from various
555 sources, including searches, supplier quotes, previous experience with contracts, and
556 average inflation rates for similar projects. Quotes for these projects were also consulted,
557 and the opinions of the Facilities team were considered, based on their experience at
558 LUMA or previous employers.

559 **B. Proposed NFC Costs and Activities**

560 **Q.44 What comprises the NFC funding request?**

561 Facilities is requesting \$79.1 million in NFC funds over FY2026 to FY2028 to implement the
562 SRP Facilities Development and Implementation Program, as only \$11.3 million of the
563 \$73.9 million originally contemplated over the last four fiscal years has been allocated to
564 the department. Table 6 below provides a prioritized list of the specific NFC projects that
565 comprise this plan, completion of which will realign LUMA to the objectives outlined in
566 the Facilities Development and Implementation Program Brief.

NFC Project	Description	FY2026 (\$M)	FY2027 (\$M)	FY2028 (\$M)
Power generator for several locations	86 power generators island wide, most of which are obsolete (require replacement or significant updates / retrofits to assure optimal performance, particularly during power outages.	\$2.96	\$1.00	\$0.08
Water Cisterns	69 water cisterns island wide most of which are obsolete (require replacement or significant updates / retrofits to assure optimal performance, particularly during emergencies, but also for business as usual.	\$0.96	\$0.05	\$0.05
HVAC retrofit or replacement	Retrofit or replace several HVAC units in different buildings, due to a lack of maintenance over the past 10+ years. Specific replacements include La Torre units (this is a critical property with a critical operation), Luchetti chillers and water pumps system replacement, JRV Chillers replacement and NEOS air recirculation handling unit (Fresh air).	\$6.33	\$1.00	\$1.00
Critical Building Repairs (Safety)	Luchetti building has over 600 employees on different floors, who could be at risk according to a structural assessment conducted 6+ years ago. The facilities team will conduct a new structure assessment to identify the risk and create an updated plan. Other Safety issues contemplated in this project are (1) NEOM electrical improvements, (2) Luchetti elevator system modernization, (3) NEOS crown repair, (4) NEOM waterproofing and (5) Durotex roof retrofit.	\$14.01	\$0.14	\$0.08
Cagua's region's safety issues	Address properly, projects include: (1) major repairs to Carolina complex, (2) warehouses repairs (roofs, fire alarm and suppression systems repairs, ventilation, lighting, floor repairs, bathrooms), (3) asphalt of various parking areas and (4) demolition of unusable buildings.	\$8.14	\$0.08	\$0.08
Bayamon's region's safety issues	Replacement of the fire alarm system, the fire suppressor system and the grease trap of Cataño fleet shop. This shop does not comply with safety codes and represents a safety issue for our employees.	\$3.95	\$0.08	\$0.08
Ponce's region safety issues	The Ponce region has several safety issues including (1) damaged fire suppression systems, (2) damaged trailers offices at various locations (3) stormwater issues, (4) damaged structures that require demolition, (5) parking areas in need of asphaltting (Ponce, Santa Isabel) and (6) warehouses.	\$8.26	\$0.08	\$0.14
Arecibo's region's safety issues	Several safety issues require the following repairs (1) Arecibo warehouse, and (2) Operations Building.	\$2.83	\$0.08	\$0.08
Mayaguez's region's safety issues	Several safety issues require the following (1) Fleet Shop reconditioning and (2) CX roof waterproofing.	\$1.36	\$0.08	\$0.08
Contact Center (CIM) relocation	To maintain 24/7 coverage at the current location, LUMA incurs extra charges for HVAC usage and parking that increases monthly lease expenses from \$50K to \$100K. The Facilities team has located a new property that will eliminate these extra charges, projecting annual savings of \$452k over the first 5 years and \$803K annual savings thereafter. The ROI will be realized in 5 years.	\$0.25	-	-
Caparra Customer Experience (CX) relocation	As the Caparra CX is in a leased property, relocating this function to the Guaynabo OPS building which (a Luma/PREPA property) will eliminate the lease expense (\$22k annual savings) resulting in an ROI within 3.5 years.	\$0.60	-	-

NFC Project	Description	FY2026 (\$M)	FY2027 (\$M)	FY2028 (\$M)
Hormigueros Contact Center and Mayaguez CX relocation	Hormigueros contact center property is associated with several opportunities to maximize the capability and merge other operations such as San German and Mayaguez. With this merger LUMA's annual lease expenses will be reduced by \$250k	\$1.50	-	-
Carolina CX consolidation with Carolina OPS	Carolina CX is currently leased property. By merging with Carolina OPS (a LUMA property), our annual lease expenses will be reduced by \$222k	\$0.60	-	-
Furniture	LUMA received a deteriorated workplace with old furniture and suboptimal configurations that restricts use of work areas and the ability to properly increase the workforce. This project will make improvements to 2 floors in Santurce (\$5MM), 2 floors in Monacillos (\$2.9MM) and 2 additional OPS or CX buildings (\$120K). In accomplishing this, an additional 200+ workstations will be created with proper ergonomics for the employees	\$8.00	\$5.0	\$5.00
Decommissioning Project (Luma and PREPA equipment)	Required to address the surplus of LUMA's furniture (\$500k) and PREPA's furniture / documents (\$500k) resulting from the effects of the anticipated rapid increase in LUMA's workforce	\$1.00	\$0.5	\$0.50
DOC and Dispatch relocation to NEOM 1st Floor	The DOC operation needs to be relocated temporarily due to the construction of the new PCC building. For this move, and to ensure the proper operation of the critical operation at NEOM 1st floor, improvements in power installation, power redundancy and HVAC are required.	\$1.50	-	\$0.20
Women Bathrooms with showers in Operation Buildings	Required to support anticipated increase in LUMA woman workforce as bathrooms with showers represent a noted deficiency at 3 locations.	\$0.18	-	-
Employees Ergonomic Chairs	Most of Luma's employees are working in chairs with over 15 years of use, many of which are partially damaged. This project envisions replacement of at least 2,000 chairs to improve employee productivity and health	\$1.75	-	\$0.01
TOTAL		\$64.2	\$8.1	\$7.3

Q.45 How did Facilities develop the costs for its NFC projects?

A. For NFC expenditures we developed the prioritized list of capital repairs, replacements, and additions shown above in Table 6. The primary inputs were feedback from Occupational Safety and the results of Job Site Inspections to which we applied a ranking methodology that factors for Risk, Facility Focus Rating, Procurement Viability, and Strategic Alignment. Each factor or evaluation criteria had an assigned weight, allowing for a weighted score, where the higher the score, the higher the priority.

To ensure that costs were reasonable, the Department conducted an analysis using actual costs and data from various sources, including searches, supplier quotes, previous

experience with contracts, and average inflation rates for similar projects. Quotes for these projects were also consulted, and the opinions of the Facilities team were considered, based on their experience at LUMA or previous employers. This process is standard for all costs projection analysis.

Q.46 What are the risks if the requested NFC budget request is not funded?

A. Failure to fund the initiative will have an adverse effect on personnel productivity, will pose safety risks to both employees and the public at large, and will constrain LUMA's ability to improve service restoration during unplanned system outages, thereby affecting customer satisfaction.

If required to operate aged and deteriorated facilities over an extended replacement period, LUMA will continue to apply standard operating and maintenance practices to partially mitigate the safety, productivity, and financially related risks. However, the effectiveness of these interim measures will wane in time as reactive maintenance and the need for emergency repairs increase. The condition and functioning of facilities will suffer, and users will experience safety hazards and productivity and efficiency losses. These impacts will inevitably affect normal operations and have a profoundly negative effect on the overall T&D system.

Q.47 What benefits will LUMA's customers realize if the programs, projects and activities that comprise the Optimal Budget are funded?

A. From a long-term perspective, expansion of and improvements to facilities will result in a safe and comfortable work environment, a prerequisite for our employees to focus on improving the T&D system and the overall customer experience (e.g., reducing SAIDI and improving the function of Customer Service Centers). The requested increase in headcount will allow LUMA to simultaneously improve the scope and quality of

601 facilities-related services and over time decrease reliance on more costly outside services.
 602 These activities will lead to lower electricity costs for LUMA's customers.

603 In addition to supporting LUMA's commitment to public and worker safety, well-
 604 targeted capital investments and a more robust approach to both preventive and corrective
 605 maintenance, the Optimal Budget will allow LUMA to improve the serviceability and
 606 proximity of facilities, with positive effects on service restoration. Proper placement of
 607 facilities will improve responsiveness of crews during unplanned outage events – reduce
 608 SAIDI) and reduce O&M costs. Better maintained facilities will reduce the level of more
 609 costly reactive maintenance, and the consolidation of facilities will reduce leasing costs.

610 **Q.48 Are the proposed costs for Facilities both just and reasonable?**

611 A. Yes. The proposed costs are the product of LUMA's considered judgment on the funding
 612 needs for Facilities to operate prudently and comply with regulatory, contractual, and
 613 public policy requirements, as outlined in my testimony, and to avoid the risks identified
 614 above, if the activities of the Facilities Department are not funded as requested.

615 **Q.49 Are the costs proposed in the FY2026-FY2028 budget avoidable?**

616 A. The costs above those budgeted for FY2025 are avoidable in that the additional positions
 617 have not been filled, and contracts for additional services have not been signed.

618 **IV. CONSTRAINED BUDGET**

619 **Q.50 Please describe the Department Constrained Budget.**

620 A. As shown in Table 7, Facilities is providing a Constrained Budget for that represents
 621 a significant reduction in FY2026, offset by a slight increase in FY2028.

622 Table 7. Summary of Constrained Facilities Department Business Plan for FY2026 to FY2028

	FY2025 Approved Amount (\$MM)		FY2026 Amount Required (\$MM)		FY2027 Amount Required (\$MM)		FY2028 Amount Required (\$MM)	
Program/Activity	O&M	NFC	O&M	NFC	O&M	NFC	O&M	NFC
Staffing	\$7.9	-	\$9.51	-	\$9.99	-	\$10.49	-
Materials and Supplies	\$2.0	-	\$2.57	-	\$2.70	-	\$2.84	-
Technical and Professional Services ²	\$5.1	-	\$8.65	-	\$9.08	-	\$9.53	-
Utilities & Rent	\$5.9	-	\$10.02	-	\$10.52	-	\$11.04	-
Miscellaneous Expense ¹	\$2.0	-	\$1.77	-	\$1.86	-	\$1.95	-
Facilities SUBTOTAL	\$22.9	\$3.0	\$32.52	\$34.06	\$34.14	\$9.08	\$35.85	\$17.67
Facilities TOTAL	\$25.9		\$66.58		\$43.23		\$53.52	
NOTE 1: Miscellaneous Expense line includes Transportation, Per Diem, and Mileage and Misc. Expenses.								
NOTE 2: Technical and Professional Services line includes Professional & Technical Outsourced Services and IT Service Agreements.								

623 **Q.51 How did the Department develop the Constrained Budget?**

624 A. The Constrained Budget for FY2026 was developed through a bottom-up approach. We
625 examined all the NFC projects and identified areas where we could apply reductions
626 without impacting safety or the continuity of operations. This involved postponing certain
627 activities and investments that were not essential for safety or mandatory requirements.
628 We either reduced the scope of these projects or deferred them to future years. The costs
629 for FY2027 and FY2028 were developed by applying an annual inflation rate to the
630 preceding year's budget. Specifically, the FY2027 budget reflects an inflationary
631 adjustment to the FY2026 baseline, and the FY2028 budget was calculated by applying
632 the same inflation rate to the FY2027 figures.

633 **Q.52 What lines of the Optimal Budget are reduced in the Constrained Budget?**

634 A. For O&M, the Facilities Department will be deferring activities to reduce Staffing,
635 Utilities & Rent, Technical and Professional Services and Miscellaneous expense lines.
636 For NFC, the department will also be reducing the scope of activities and projects that are

a part of the Facilities Development and Implementation Program. Below is a comparison of what NFC projects will be deferred or reduced.

Table 8. NFC Projects Reduced or Deferred for Constrained Budget

NFC Project	FY2026 Optimal (\$M)	FY2026 Constrained (\$M)
Power generator for several locations	\$2.96	\$2.96
Water Cisterns	\$0.96	\$0.60
HVAC retrofit or replacement	\$6.33	\$5.33
Critical Building Repairs (Safety)	\$14.01	\$4.01
Cagua's region's safety issues	\$8.14	\$4.60
Bayamon's region's safety issues	\$3.95	\$2.95
Ponce's region safety issues	\$8.26	\$0.74
Arecibo's region's safety issues	\$2.83	\$1.50
Mayaguez's region's safety issues	\$1.36	\$2.24
Contact Center (CIM) relocation	\$0.25	\$0.25
Caparra Customer Experience (CX) relocation	\$0.60	\$0.60
Hormigueros Contact Center and Mayaguez CX relocation	\$1.50	\$0.76
Carolina CX consolidation with Carolina OPS	\$0.60	\$0.60
Furniture	\$8.00	\$4.80
Decommissioning Project (Luma and PREPA equipment)	\$1.00	\$0.50
DOC and Dispatch relocation to NEOM 1st Floor	\$1.50	\$1.50
Women Bathrooms with showers in Operation Buildings	\$0.18	\$0.12
Employees Ergonomic Chairs	\$1.75	-
Total	\$64.21	\$34.06

Q.53 For those budget lines that are reduced when compared to the Optimal Budget, can you provide examples of the activities that will not be funded or for which funding will be deferred?

A. Some of the activities LUMA will defer are the following: hiring personnel to increase the department footprint in the island from four (4) regions to six (6), reduce the scope and/or defer to future years some projects (e.g., and reduce office equipment acquisitions (e.g., renovations, new workstations, and new furniture), reduce the scope of severable services (e.g., custodial / janitorial, repair / restoration of waterproofing systems, and paving of parking lots). Deferring these activities introduces the following risks: low internal customer satisfaction, inability to cope with work demand and requests, and

correction of critical infrastructure issues will have to be postponed for future years.

These deferrals will impact overall program execution and will delay key milestones such as reaching the remediated state by one to two years, affecting the program's timeline and objectives.

Q.54 What is the consequence of eliminating or deferring these activities?

A. Employees will face obstacles presented by substandard facilities. Currently, custodial services are not provided in all facilities, the result of budget constraints imposed. This causes discomfort for our employees (and in extreme cases, health challenges), resulting in increased complaints and service requests. Specific items left unaddressed can lead to even more severe issues. For example:

- restrooms in the substations are in extremely poor condition and the employees refuse to perform basic hygienic tasks,
- continual water leaks can lead to mold and overall damage to buildings infrastructure,
- waterproofing systems in most facilities are in serious states of disrepair,
- parking facilities require extensive repairs, posing hazards to vehicles and employee safety, and
- since the average age of the facilities exceeds 40 years, the backlog of maintenance activities continues to expand, resulting in costly reactive maintenance, focused on addressing only the most critical items.

Q.55 If the Constrained Budget is approved, will the Department continue to meet its contractual and legal duties?

A. Yes.

674 **Q.56 Please explain.**

675 A. The Department will prioritize its work by liaising with key stakeholders, keeping the
 676 critical facilities operational, with safety as the primary criterion for establishing
 677 priorities. Progress with other services and projects will necessarily depend on the
 678 initiative of each proponent cost center.

679 **Q.57 What would be the impact if the Constrained Budget for the Department is**
 680 **reduced?**

681 A. Depending on the extent of the reduction, and assuming a return to previous budgets:

- 682 • Nearly all the facilities may fail building code inspections due to lack of operable
 683 fire safety systems.
- 684 • Structural retrofit needed in Luchetti Building to comply with modern seismic
 685 codes will have to be postponed therefore, in case of a major earthquake event the
 686 building could suffer serious structural damages.
- 687 • Electrical code violations will exist in some locations.
- 688 • Restrooms will prove inadequate in many locations, particularly those where the
 689 influx of additional personnel is most prevalent. Also, there is an immediate need
 690 to provide/build proper restrooms and shower rooms for females due to the
 691 addition of female line workers.
- 692 • Facilities could be shut down, particularly those with HVAC systems that are
 693 prone to failure during periods of excessive heat.
- 694 • Those with electrical issues (virtually all the facilities) could experience failure to
 695 provide the load needed and may cause fires in the worst cases.
- 696 • Most of the elevators will fail safety inspections.
- 697 • Roofs will remain in serious disrepair in most of the facilities. Most of the roof's

waterproofing systems surpass their useful life are require immediate replacement.

- Nearly all the facilities will house aging generators and switchgear (or none), causing unplanned outages and, thus, affecting critical business activities such as accepting customer payments, repairing fleet assets, warehouse operations, and responding to unplanned system outages.
- Basic material deficiencies in furnishings (e.g., ceiling tiles, painting, carpet, window and door seals, furniture, and security mechanisms) will have adverse effects on employee and customer health and safety.
- Further, LUMA will fail to capture opportunities to reduce lease costs by consolidating and/or retiring specific facilities, it will not be able to accommodate the anticipated influx of additional personnel and will not achieve the remediated state presented in LUMA's SRP.

I. PROVISIONAL RATE

Q.58 Is the Facilities Department proposing costs to be funded through a provisional rate?

Yes.

Q.59 Q. Please describe the costs of the Facilities Department that are included in LUMA's provisional rate application.

The Facilities Department is requesting \$20.9 million to be collected through the provisional rate:

719

Item	O&M	NFC	Total
Existing Rent/Lease Renewals	\$0.6	-	\$0.6
Critical Facilities Initiatives	-	\$20.3	\$20.3
Total			\$20.9

720 I will elaborate on the specifics of each component of the Department's request

721 provisional rate request in the subsequent questions.

722 **Q.60 How did the Facilities Department develop the costs to be included in the**
 723 **provisional rate application?**

724 LUMA undertook a comprehensive evaluation of all ongoing activities and initiatives to ascertain
 725 which were indispensable to meeting the system requirements and whose associated costs were
 726 incremental to those already reflected in the FY 2026 Temporary Budget. Through this analysis,
 727 LUMA determined that, absent approval of these incremental costs through a provisional rate
 728 mechanism, certain necessary expenditures would remain unfunded in FY2026 before the Energy
 729 Bureau issues a final rate order in this rate review proceeding. On the O&M side, LUMA identified
 730 thirteen (13) leases that either include year-over-year rent increases that are contractually
 731 obligated, or leases that have been extended with upward rent adjustments. As these costs are
 732 contractually obligated by LUMA and unavoidable, an incremental \$0.6 million is included in the
 733 provisional rate request to be funded beginning as soon as possible. On the NFC side, LUMA's
 734 Facilities department developed a prioritized list of necessary capital repairs, replacements and
 735 additions for FY2026. A host of capital repairs were ranked by applying a ranking methodology
 736 that factors for risk, facility focus, procurement viability, and strategic alignment. Each factor or
 737 evaluation criteria is assigned weight allowing for total weighted scores (the higher the total score
 738 the higher the priority). Based on this exercise and the criteria, Facilities identified the following

739 capital projects to be undertaken in FY2026:

Initiative	Description
Power generator for several locations	86 power generators island-wide, most of which are obsolete and require replacement or significant updates / retrofits to assure optimal performance, particularly during power outages. Moreover, the 86 emergency generators have exceeded their useful life, causing frequent failures that threaten operational continuity is unacceptable given the upcoming hurricane season. Power loss in facilities directly affects the grid reconstruction efforts and endangers employee safety and comfort. The lack of reliable backup power may lead to total shutdowns in the most critical facilities where redundancy is necessary. Preliminary planning efforts have begun, but full execution must occur in FY2026 to mitigate critical risks.
HVAC retrofit or replacement	Retrofit or replace several HVAC units in different buildings is required due to the lack of maintenance over the past 10+ years. Specific replacements include La Torre building units (a critical property with a critical operation), Luchetti building units chillers and water pumps system replacement, JRV building units chillers replacement, and NEOS building air recirculation handling unit (used to provide clean air). The SCADA Data Center HVAC system retrofit is an ongoing project and a priority for LUMA. Its completion is forecast to be in Q1 of FY2026.
Critical Building Repairs (Safety)	Luchetti building has over 600 employees on different floors, who could be at risk according to a structural assessment conducted 6+ years ago. The Facilities team will conduct a new structural assessment to identify the risk and create an updated plan. Other safety issues to be addressed with this project are (1) NEOM building electrical improvements, (2) Luchetti building elevator system modernization, (3) NEOS building crown repair, (4) NEOM waterproofing, (5) La Torre and NEOM buildings improvement due to SCADA new equipment and (6) Durotex roof treatment retrofit. Roof sealing and fire alarm projects at NEOM building have already started, but full completion and expansion to other buildings must occur in FY2026. Urgent improvements are needed in the La Torre and NEOM buildings to support the energy load of the new equipment, including an electrical generator to ensure continuous operation. SCADA or DOC failure could cause massive blackouts or prevent proper network monitoring, compromising facility safety.
Caguas region's safety issues	To address properly, projects include: (1) major repairs to Carolina complex, (2) warehouses repairs (roofs, fire alarm and suppression systems repairs, ventilation, lighting, floor repairs, bathrooms), (3) asphalt of various parking areas and (4) demolition of unusable buildings. These conditions are incompatible with a safe and functional work environment. Improvement projects have already started in Carolina and Caguas and must continue as a priority in FY2026.
Bayamon's region's safety issues	Replacement of the fire alarm system, the fire suppressor system and the grease trap of Cataño fleet shop. This shop does not comply with safety codes and represents a safety issue for our employees. Preliminary inspections and technical assessments have begun and must lead to full implementation in FY2026.
Ponce's region safety issues	The Ponce region has several safety issues including (1) damaged fire suppression systems, (2) damaged trailers offices at various locations (3) stormwater issues, (4) damaged structures that require demolition, (5) parking areas in need of asphaltting (Ponce, Santa Isabel) and (6) warehouses. While some projects are already underway, failing to complete improvements in FY2026 puts safety and regional operational stability at risk. It is critical to continue full execution of the upgrades initiated in FY2025.
Arecibo's region's safety issues	Several safety issues identified require repairs: (1) Arecibo warehouse, and (2) Operations Building. Failure to act could result in partial or total collapses with severe legal and human consequences. The projects have already started and are currently in the evaluation and design phase.
Mayaguez's region's safety issues	Several safety issues require the following repairs (1) Fleet Shop reconditioning and (2) CX roof waterproofing. Current conditions jeopardize the continuity of critical operations and may lead to unexpected shutdowns or major incidents. The projects have already been underway since FY2025 and are currently in the design and specification development phase.

740 As explained in the preceding question, these costs are included in the provisional rate
741 request because, if not funded, they will likely lead to further deterioration and/or failure
742 or higher costs in the future and, in the meantime, pose major safety concerns for
743 employees and customers. Some are also underway and need to continue.
744 Although the expenditures at issue do not pertain directly to repairs or upgrades of the

T&D System, like the replacement of transformers or other primary grid components, they are nonetheless essential to the overall operation and reliability of the electric system. These facilities provide critical support services that enable the effective functioning of the T&D System and are integral to the successful completion of broader system projects.

Specifically, these supporting facilities include, but are not limited to, customer service centers, operational centers, maintenance depots, and logistical hubs, all of which are indispensable for the coordination, deployment, and management of resources required for T&D projects. The proper functioning of these facilities ensures that field operations can be executed efficiently and safely, thereby facilitating the timely completion of critical infrastructure projects.

The chain of operations necessary for project completion is only as strong as its weakest link. If supporting facilities are neglected or underfunded, the entire system's ability to deliver reliable service and complete essential projects is compromised. Therefore, the costs associated with these facilities are not ancillary, but rather form an integral part of the comprehensive system needs that must be addressed to ensure the successful execution of T&D System projects and the overall reliability of the electric grid.

Q.61 Are the costs that the Facilities Department is supporting within LUMA's provisional rate application just and reasonable?

A. Yes. The costs are just and reasonable because LUMA has identified and requested approved of costs that are high-priority and noncontroversial. The O&M costs are not contemplated in the FY2025 budget nor the FY2026 Temporary Budget, and approval of these costs cannot and should not wait until the third quarter of FY2026, at the earliest,

when the permanent rates are expected to be approved. Similarly, as mentioned above, the NFC projects have been identified through LUMA's ranking criteria as high-priority and require immediate funding to avoid further degradation and risks to employee and public safety. These costs cannot be deferred until the approval of permanent rates. Based on this, automatic increases in existing rent agreements and lease renewals and capital projects identified herein are high-priority and noncontroversial and should be approved as part of the provisional rate request.

Q.62 What would be the impact if these costs are not funded through a provisional rate?

A. The impacts, as described above, would be that funding would have to be diverted from other areas of the Facilities Department to fund the unavoidable incremental facilities lease costs. For the NFC, the impacts would be further degradation and/or increased risk of failure, and potential threats to the safety of LUMA employees, contracts and customers. Diverting funds from the projects and activities currently funded within the FY26 Temporary Budget is not a realistic or feasible alternative. The Department must maintain the essential and ongoing initiatives that are critical to the safe and reliable operation of the entire system and, at the same time, must move forward with the projects that I identified above, that address specific operational needs, compliance requirements, or safety standards, and were prioritized based on their necessity to maintain the integrity of the T&D System and the well-being of employees, contractors, and customers.

As a direct consequence of not approving provisional rates to fund the Department's incremental budget, critical infrastructure and operational areas would continue to suffer from ongoing and irreversible deterioration, thereby exposing the T&D System to the risk of compounding damage and significantly increased remediation costs

in the future. The approval of a provisional rate to cover these incremental costs is not only justified but essential to ensure the continued reliability and integrity of the electric system, and to avoid the escalation of costs that would inevitably result from deferred maintenance and underfunding.

Not starting the projects included for provisional rates incremental to the FY26 Temporary Budget is not acceptable to LUMA as we hold ourselves to the highest standards of safety.

Q.63 Are the costs included in the provisional rates request incremental to the FY2026 Optimal or Constrained budgets presented by the Department?

A. No. The costs included in the provisional rates request are not incremental to the optimal or constrained budgets. These costs are already part of LUMA's overall revenue requirement. The provisional rates simply reflect the timing of cost recovery, with a portion of these costs allocated to FY2026 while the permanent rate request is under adjudication. This approach ensures continuity of operations and funding during the regulatory review period, without increasing the total budget request.

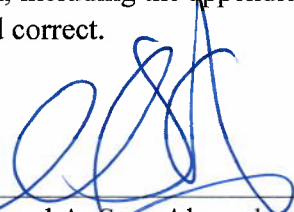
Q.64 Does this complete your testimony? Are the costs included in the provisional rates request incremental to the FY2026 Optimal or Constrained budgets presented by the Department?

A. Yes.

ATTESTATION

Affiant, Miguel A. Sosa Alvarado, being first duly sworn, states the following:

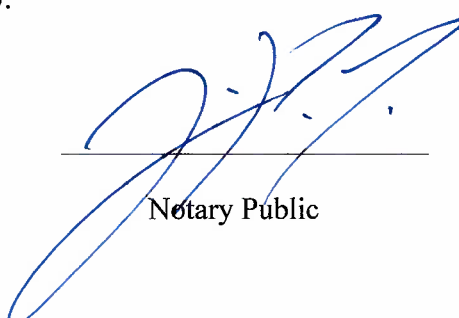
The prepared Direct Testimony, the cost information for the Facilities Department in LUMA Ex. 2.03 and LUMA Ex. 2.04, and the exhibits attached to the Direct Testimony, constitute my Direct Testimony in the above-styled case before the Puerto Rico Energy Bureau. I would give the answers set forth in the Direct Testimony if asked the questions that are included in the Direct Testimony. I further state that the facts and statements provided herein, including the appendices, are my Direct Testimony and to the best of my knowledge are true and correct.


Miguel A. Sosa Alvarado

Affidavit No. 138

Acknowledged and subscribed before me by Miguel A. Sosa Alvarado, in his capacity as Director Facilities and Infrastructure of LUMA, of legal age, married, and resident of Carolina, Puerto Rico, who has been identified by means of his driver's license with registration number 4398159.

In San Juan, Puerto Rico, this 14 day of October 2025.


Notary Public



LUMA Ex. 17.01

Facilities Program Brief Summary (“PBFM1”) (FY2026)

Annex B

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

Direct Testimony of

~~José Carlos Latorre González~~
~~Manager~~

~~-Design and Space Planning and Real Estate Manager~~

Miguel A. Sosa Alvarado
Director

Facilities and Infrastructure

LUMA Energy ServCo, LLC

July 1

October 14, 2025

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LUMA Ex. 17.00

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¹ Testimony executed initially on July 1, 2025 by José Carlos Latorre González, and reissued on October 14, 2025, to reflect personal circumstances of new witness.

Summary of Prepared Direct Testimony of
JOSÉ CARLOS LATORRE GONZÁLEZMIGUEL A. SOSA ALVARADO
ON BEHALF OF
LUMA ENERGY LLC AND LUMA ENERGY SERVCO, LLC

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Mr. José Carlos Latorre GonzálezMiguel A. Sosa Alvarado (“Mr. LatorreSosa”) is the ManagerDirector of DesignFacilities and Space Planning and Real EstateInfrastructure at LUMA Energy ServCo, LLC. The purpose of Mr. Latorre’sSosa’s prepared direct testimony in this proceeding is to present the proposed Optimal Budget for FY2026, FY2027, and FY2028, attributable to Real Estate, Property and Facilities Management Services and Redevelopment Department, (“Facilities” and/or “Department”), and to request Operations and Maintenance (“O&M”) and Non-Federal Capital (“NFC”) funding on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (collectively, “LUMA”).

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Mr. Latorre’sSosa’s testimony addresses the budget that the Department requires to allow LUMA to meet key operational and public policy objectives that benefit customers and LUMA’s employees, and deliver safe, reliable and efficient electric power service. His testimony describes the existing and projected Department costs for staffing, technical and professional services, materials and supplies, utilities, rent and others, and related miscellaneous expenditures. Based on the projected workload, Mr. LatorreSosa recommends an Optimal Budget of \$102.81 million for Fiscal Year (“FY”) 2026, \$48.76 million for FY2027, and \$50.07 million for FY2028.

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Mr. Latorre’sSosa’s testimony for the Department also includes a Constrained Budget, as ordered by the Energy Bureau. Mr. LatorreSosa explains the activities and projects that would be deferred, reduced or defunded under the Constrained Budget, and identifies the impacts of deferring or delaying those activities and projects.

Finally, Mr. Latorre’sSosa’s testimony supports the costs of the Facilities Department that are included in LUMA’s provisional rate application.

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I. WITNESS AND CASE INTRODUCTION

Q.1 Please state your name, business address, title, and employer.

A. My name is ~~José Carlos Latorre González~~ Miguel A. Sosa Alvarado. My business address is LUMA Energy, PO Box 363508, San Juan, Puerto Rico 00936-3508. I am the ~~Design and Space Planning and Real Estate Manager, which is part~~ Director of the Real Estate, Property and Facilities ~~Management Services and Development and Infrastructure~~ (“Facilities”) for LUMA Energy ServCo, LLC.

Q.2 As the ~~manager~~ Director of Facilities, what are your responsibilities?

A. I provide strategic leadership, planning, and guidance for the efficient and effective delivery of services within the designated facilities profile, playing a central role in communicating, negotiating, and collaborating with key external partners and ensuring the successful execution of major redevelopment and planning initiatives. My responsibilities include redevelopment, improvements, facilities operations, maintenance, management of assigned fleet assets, tenant improvements, and facilities space, design and services. I am also tasked with LUMA’s real estate and development strategy.

Q.3 On whose behalf are you testifying before the Puerto Rico Energy Bureau of the Public Service Regulatory Board (the “Energy Bureau”).

A. My testimony is on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (“LUMA”) as part of the Energy Bureau’s proceeding NEPR-AP-2023-0003, the Puerto Rico Electric Power Authority (“PREPA”) Rate Review.

Q.4 What is your educational background?

~~A. I hold a Bachelor of Business Administration Degree in Management from the Inter-American University of Puerto Rico. Additionally, I earned an associate degree in Draftsmanship from Liceo de Arte y Tecnología de Puerto Rico and an Associate Degree~~

~~in Computer Programming from the Inter American University of Puerto Rico. My education is complemented by several professional certifications, including Certified Microsoft Project, IRC Performing Residential Building Inspections, Fire Extinguishers Management Certification, a Project Management Course (PMP), Professional Excel Certification, Cardiopulmonary Resuscitation (CPR), and a 10-hour OSHA certification.~~

A. I hold a Bachelor of Science in Electrical Engineering from the University of Puerto Rico in Mayagüez.

Q.5 What is your professional experience?

A. My career has been dedicated to facilities, fleet and operations management, where I have developed expertise in building operations, asset management, ~~real estate portfolio oversight~~, project management, technology integration, and strategic planning. I have led teams ~~in space planning~~, project execution, cost reduction, sustainability initiatives, and vendor negotiations. My focus has always been on optimizing organizational facilities and driving operational efficiency, while ensuring compliance, safety, and a positive workplace culture.

Q.6 Please describe your work experience prior to joining LUMA.

~~A. — Before joining LUMA Energy, I served as Operations Manager at AFD Contract Furniture Inc. in San Juan, PR, from 2015 to 2023. In this role, I was responsible for overseeing all aspects of operations for a high-end office furniture management company, including managing over 20 employees, production staff, and supervisors. I handled financial resources, prepared budgets, quotes, and contracts, and supported the planning and management of project budgets. My responsibilities also included logistics operations, warehouse management, distribution, and transportation. I implemented technology solutions such as PDA Scanner technology and GPS monitoring systems to enhance~~

operational efficiency and data integrity. Additionally, I focused on fostering a positive workplace culture, driving procedural improvements, and achieving cost savings.

— Prior to my tenure at AFD Contract Furniture Inc., I worked at Doral Bank in San Juan, PR, from 2003 to 2015. I began as a Space Planner, advanced to Facilities Project Manager, and ultimately became Facilities Manager. At Doral Bank, I managed facilities totaling approximately 1 million square feet, asset management, and operations across four regions, co-developed and executed strategic plans, and ensured safe and efficient environments for employees and customers. I managed the division budget that included a capital budget, supervised teams of engineers and contractors, and led major projects such as the relocation of 20 facilities into a new central headquarters. I also implemented innovative business management systems, spearheaded green initiatives that resulted in significant energy savings, and achieved substantial cost reductions through vendor negotiations and operational streamlining.

Earlier in my career, I worked as a Space Planner for ADECCO Temporary Services, where I was responsible for space planning and utilization for Citibank Cupey facilities. My duties included maintaining space utilization data, analyzing reports, and supporting relocation projects.

A. Before joining LUMA Energy, I held the position of Operations Director, at Consolidated Waste Services. There I led a team of 150 employees and oversaw more than 600 assets, including a fleet of 500+ trucks across 8 facilities. I developed and implemented an aggressive preventive maintenance program that improved fleet availability and reduced downtime, while managing multi-million-dollar budgets to ensure cost efficiency through vendor negotiations, strategic purchasing, and utility optimization. My role spanned fleet

management, facilities operations, purchasing, and logistics, while also supporting waste collection, transfer stations, landfills, recycling facilities, and waste-to-energy projects. I drove compliance with all regulatory requirements, oversee performance and development plans for staff, and partner with government agencies and customers to ensure satisfaction, negotiate contracts, and deliver sustainable operational results.

B. Prior to my tenure at Consolidated Waste Services, I directed all service center operations in Aggreko. There I managed fleet readiness, technician deployment, and safety compliance. I was accountable for P&L, budgets, and inventory, and consistently achieved profitability goals by implementing strict cost controls. I ensured timely equipment delivery, oversaw preventive maintenance and oil sampling, and maintained high service reliability through effective planning, scheduling, and resource allocation. Earlier in my career, I was the Power Systems Service Manager for Rimco CAT. In this role, I served as the primary liaison between Caterpillar and the local dealer, managing all technical communications and customer support. I built and supervised a 24/7 emergency call center to support mission-critical clients, implemented preventive maintenance programs tailored to customer operations, and ensured maximum uptime and satisfaction. I also recruited, trained, and led service technicians, providing hands-on technical support across diverse projects.

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Q.7 Do you hold any professional licenses? If so, which?

A. No.

Q.8 Have you previously testified or made presentations before the Energy Bureau?

A. No.

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95 **Q.9 Are you sponsoring any exhibits with your direct testimony?**

96 A. Yes. I am sponsoring the information applicable to Real Estate, Property and Facilities
97 Management Services and Redevelopment Department in LUMA Ex. 2.03 and LUMA
98 Ex. 2.04. I am also sponsoring the following exhibit in this proceeding:

- 99 • Exhibit No. 17.01: Facilities Development & Implementation Program Brief
100 (“PBFM1”) (FY2026)

101 **Q.10 Which documents did you consider for your testimony?**

102 A. The documents I reviewed include:

- 103 1. Approved System Remediation Plan (SRP), filed with the Energy Bureau on
104 February 23, 2021, and re-filed on May 8, 2021.²
105 2. Order issued by the Energy Bureau in Case No. NEPR-AP-2023-0003, dated
106 February 12, 2025.³
107 3. And for context, the Facilities Development and Implementation Program Brief.
108 Exhibit No. 17.01.

109 **Q.11 Did you rely on any other information for your testimony?**

110 A. Yes, I relied upon my professional experience working in all key areas that define an
111 effective Facilities Management Department, which consists of a detailed short- and long-
112 term master plan that can address the existing facilities’ needs, organizational strategic plan
113 and core missions of the organization. The Department’s initiatives outline the tasks

² Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2021/02/LUMAS-Submittal-and-Request-for-Approval-of-System-Remediation-Plan-NEPR-MI-2020-0019-3.pdf> and <https://energia.pr.gov/wp-content/uploads/sites/7/2021/05/Motion-in-Compliance-with-Order-Submitting-Revised-Redacted-Version-of-SRP-and-Redacted-Attachments-to-Responses-to-RIs-NEPR-MI-2020-0019.pdf>.

³ Available at <https://energia.pr.gov/wp-content/uploads/sites/7/2025/02/20250212-AP20230003-Resolution-and-Order.pdf>.

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required to keep the buildings operational, safe, sustainable and resilient to ensure continuity of operations, assigning key technical staff (heating, ventilation and air conditioning (“HVAC”) technicians, electricians, emergency power generators technicians and other personnel) and ensuring availability of proper tools, spare parts and procedures to drive effective performance of day-to-day tasks while remaining responsive to the needs of our employees. The initiatives also align with all safety and environmental laws and regulations (local and federal), specifying the behavioral norms and training required to maintain a knowledgeable, efficient, and responsive staff. Technology requirements are also defined in the initiatives, from ensuring well-maintained database to support empirically based decisions to keeping a maintenance management and record system that measures departmental efficiency. and is also used as a tool to measure customer satisfaction and efficiency in the department. All of the initiatives are focused on workspace analysis and improvements, whether they are driven by energy conservation, capital improvements, and / or building restorations.

Q.12 Briefly describe the purpose of your Direct Testimony.

A. My testimony supports the portion of LUMA’s proposed Optimal and Constrained Budget for FY2026, 2027, and 2028 attributable to the Corporate Services – Real Estate, Property and Facilities Management Services and Redevelopment Department, (“Facilities” and/or “Department”), requesting Operations and Maintenance (“O&M”) and Non-Federal Capital (“NFC”) funding to allow LUMA to meet key operational and public policy objectives that benefit customers and LUMA’s employees, and deliver safe, reliability and efficient electric power service. I am also supporting the Department’s incremental costs from the FY2026 Temporary Default Budget that are included in LUMA’s provision rates application.

Q.13 Please provide an overview of how your testimony is organized.

A. In Section II, I provide background on the Facilities Department and LUMA's contractual and legal obligations as they pertain to the duties of the Facilities Department. In Section III, I present the proposed costs for the Department supporting the Optimal Budget. In Section IV, I present the proposed costs for the Department included in the Constrained Budget and describe the costs and activities that were eliminated or deferred and the impact of the Constrained Budget. Lastly, in Section V, I describe the Provisional Rate request for the Facilities Department.

II. BACKGROUND

Q.14 What are the key functions of the Facilities Department?

A. The Facilities Department manages and maintains resilient, efficient and safe facilities for LUMA's employees and customers. The Department is responsible for: (1) affording employees suitable and clean workspaces so that they can focus on their duties in transforming and operating Puerto Rico's Transmission and Distribution System ("T&D System"); and (2) providing customers with optimally located and well-maintained buildings within which to safely and efficiently conduct their business. We achieve all this by operating and maintaining the major systems (air cooling and conditioning systems, roofs, building electrical substations, illumination systems, emergency power generators, water systems and cisterns and electronic fire detection, alarms and suppression systems), working areas (e.g., perform janitorial and refuse services), and fire extinguishers, making repairs on failing building installed equipment, and improving our grounds (landscaping) for all of our facilities. Our responsibilities also encompass ensuring that the facilities are appropriately located to support quicker response to

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unplanned outages and major events such as storms and earthquakes. The Department's key functions include: (1) Operations and Maintenance ("O&M"); (2) Real Estate Planning and Working Spaces Improvement; and (3) Business and Support Management, emphasizing that a functional and relevant facilities management department is more than "cleaning and fixing" damaged items in a building.

Q.15 Please describe the Department's Operation and Maintenance ("O&M") function.

A. This function entails managing buildings and grounds that are distributed among four (4) Facility Operational Regions ("FOR") across Puerto Rico: Santurce Campus, San Juan-Caguas, Bayamón-Arecibo and Ponce-Mayagüez. The four (4) regions provide facility services to 278 buildings. The Department provides preventive maintenance, scheduling and conducting repairs or restorations, maintaining facility safety protocols, managing janitorial and landscaping services, managing fire prevention programs, performing regular facility inspections, and preparing Facility Status Reports that consist of detailed formal inspection conducted yearly and after a significant event. This report provides valuable input into the master plan that outlines any safety or infrastructure issues that will require prioritization and/or special work.

Q.16 Please describe the Department's Real Estate Planning and Working Spaces Improvement function.

A. Real Estate Planning ("REP") and Working Spaces Improvement ("WSI") develops, maintains, and updates the Real Property Development Plan. The Real Property Development Plan represents the product of LUMA's facilities master planning process, identifying the organization's goals and objectives and establishing accountabilities for the development and operation of LUMA's acquisition, management, and disposal of real property. In doing so, it serves as a framework for allocating resources to sustain, restore

and modernize our facilities.

The Department also manages leases, shared facilities (with PREPA and other public or private entities) and agreement programs. This responsibility requires real estate market research concerning government-owned real estate and privately held real estate, the conduct of initial negotiations and the establishment of communications with potential landlords. Once a property is designated suitable, safe and within financial constraints, the contracting and due diligence process is performed. And as the contract is completed, this function oversees the contract and ensures that both parties (Landlord and LUMA) comply with all obligations. These activities extend to initiating formal agreements with government entities and/or municipalities for the use of land and materials placement yards during emergencies and special events; (known as Agreement Programs), and coordinating the acquisition of new real property, validating the design of working spaces, conducting working spaces audits, and designing office restoration and improvement projects.

Q.17 Please describe the Department's Business and Support Management function.

A. Business and Support Management operates and manages the systems and technology tools assigned to the Department (e.g., Service Now (Service Request tool where the users request repairs and services in our facilities)), Facilities Management ('FM') systems (Software used as the database to record preventive maintenance and facilities inventory and other Facility management functions), BMS (Building Management Systems is the software used for conducting automation and control of air conditioning systems, electrical and lighting controls) , etc.). The Department assembles specialized contracts for the facilities, including the identification and/or verification of requirements, writing scopes of work, performing market research for potential bidders, requesting

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funds, following up during contract development, preparing packages for modifying contracts, coordinating site visits, receiving, validating and processing invoices and serving as the main liaison with procurements and all departments associated with contract development. The team in charge of this function manages all the administrative requirements unique to facilities, such as coordinating specialized training, supporting special communications (e.g., special Informational Messages that need to be sent to employees in certain areas to report unscheduled maintenance, changes in the use of exits, parking, etc.). These are urgent messages that cannot wait for the Public Relations or communication releases. Also, this function develops internal policies and serves as the primary coordinator for all employee issues and feedback programs.

Q.18 Please describe the Department's Capital Projects Team function.

A. The Capital Projects Team ("CPT") oversees processes governing the execution of large-scale, capital-intensive investments to build, add, or improve a specific asset in a facility (i.e., power generator, air conditioner system, chiller, air handling unit, etc.) and / or repair and / or replace existing facilities that fall under the purview of the Facilities Department. It validates project cost documentation, writes Architect-Engineering (A-E) scope of work, and oversees the design effort.

Q.19 Please describe the Department's Preventive Maintenance Team function.

A. The Preventive Maintenance ("PM") team develops and implements preventive maintenance policies and quality assurance tests and maintains and repairs emergency power generators and other major systems or assets, including air conditioning systems, ice machines, fire control systems, water cisterns and building envelopes, that are in LUMA's facilities.

Q.20 Please provide an overview of Facilities when LUMA commenced service.

A. At commencement, the Facilities Department was comprised of four (4) decentralized divisions across Puerto Rico and did not have established workflows or practices to drive inter-departmental collaboration and coordination. There was a notable absence of experience, programs, processes, training, tools, and equipment, to operate and maintain building assets in a safe and efficient manner.

Facilities remained damaged from Hurricanes dating back to 2017 due to insufficient maintenance and investment in facilities themselves. Fences and security infrastructure were lacking, thus posing unsafe and in some cases, uninhabitable conditions for employees. Several facilities lacked proper fire and safety alarms and smoke detectors, and several facilities had hazardous or environmentally unsafe conditions or contained dangerous materials / products. Several facilities did not meet the American with Disabilities Act (ADA) due to the aging and other infrastructure challenges. LUMA also identified a lack of inventory and asset tracking. Auditing and decommissioning processes were deficient. Finally, PREPA lacked business continuity plans for post-emergency events.

Also, the Department was recently assigned the responsibility of maintaining the facilities within substations. These are in deplorable condition after years of disrepair and inadequate maintenance.

Q.21 Has the Department achieved improvements to overcome those deficiencies?

A. Yes.

Q.22 Please explain.

A. Operating within constrained budgets, the Facilities Department has advanced the Facilities Development and Implementation Program and focused on key foundational

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initiatives. Those initiatives include the establishment of centralized planning, management and direction, with decentralized execution among the regions, development of a comprehensive employee training program and work order tracking mechanisms, implementation of a preventive maintenance services program with a centralized database that provides critical information and records and recruiting an internal workforce that serves a broad range of the Department's facilities management needs.

The Department also established a core Facility Service Department ("FSD") and system to inspect and evaluate the existing conditions of each facility and assist in its role of supporting the grid and core operations. The purpose of this service department is to establish benchmarks for planning and to allocate funds for future infrastructure and capital investments.

The Department carried out site abatement and remediation or legal containment for hazardous materials in close collaboration with the Health Safety, and Environmental ("HSE") Department. We ensure that LUMA complies with local, commonwealth and federal laws and regulations. We prioritize compliance and remain focused on opportunities to improve and operate our facilities.

Importantly, we have maintained a well-trained workforce. An example of this is our Building Operators Certification Program, where innovative training and certification training was developed in collaboration with the Polytechnic University of Puerto Rico ("PUPR"). We achieved our goal to train, test and certify our building operators in all tasks that involve Facilities Maintenance and Management.

Finally, during the past year, the Department conducted an intensive repair plan to address the most critical issues affecting safety and security, mitigation actions, pending

availability of capital improvement funds to initiate projects to bring to code those facilities that require a more extensive repair or replacement.

Q.23 Has the Department identified any challenges after commencement of operations of the T&D System?

A. Yes.

Q.24 Please explain.

A. Though the Facilities Development and Implementation Program (“FDIP”) is designed to provide LUMA with reliable, well-functioning facilities and a predictable level of corrective maintenance, actual execution has resulted in a “run-to-failure” mode of operation where reactive, more costly, “after the fact” repairs and replacements are made. Also, work management relies on rudimentary Excel spreadsheets, versus more sophisticated Computerized Maintenance Management Systems (“CMMS”) in use across the industry. This reactive mode of operation and lack of sophisticated work management tools limit LUMA’s ability to apply industry-accepted life cycle asset management practices in managing its facilities.

The System Remediation Plan (“SRP”) for Facilities remains a “work-in-progress” and the Department requires additional funding to reach remediated state. Pursuant to the FDIP, LUMA aims to complete construction on sites damaged by hurricanes, flooding, and earthquakes with certificates of inspection and occupancy that meet building code and municipal regulations. The projects to repair or replace facilities remain in the planning phase. Prioritization of grid-related projects over those related to general facilities continues to delay the full execution of those projects. Therefore, those facilities that do not meet the safety codes have remained closed, and those experiencing less damage have been repaired and remain in operation.

Q.25 Are the functions performed by the Facilities Department required by the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement of June 22, 2020 (“T&D OMA”)?

A. Yes. The Facilities Department enables LUMA to comply with the requirements of the T&D OMA and the System Remediation Plan (“SRP”)⁴ that is a requirement of the T&D OMA and was approved by the Energy Bureau. The Department supports the transition to standards of performance, including the SRP’s requirement to remediate, repair, replace, and stabilize equipment, systems, practices, and services, as may be needed, to enable LUMA to perform operations and maintenance services in compliance with the Contract Standards.⁵ Of importance is compliance with “Contract Standards” that include the terms, conditions, methods, techniques, practices, and standards imposed or required by Applicable Law, and Prudent Utility Practice.⁶

The Department supports LUMA’s duties as Operator of the T&D System to manage, operate, maintain, repair, and replace the T&D System and establish policies, programs and procedures with respect thereto in accordance with Contract Standards.⁷ Particularly, the requirements of Section 5.19(c) of the T&D OMA, which states that LUMA shall identify real properties or rights that need to be acquired to provide operation and maintenance services (“O&M Services”),⁸ and of Annex I, Section I(A)

⁴ See T&D OMA, Section 4.1(d), at 41-42.

⁵ See T&D OMA, Section 4.1(d)(ii), at 41.

⁶ See T&D OMA, Section 1.1, at 9. “Prudent Utility Practice” is defined in the T&D OMA as those “practices, methods, techniques, conduct and acts that, at the time they are employed, are generally recognized, and accepted by companies operating in the United States electric transmission and distribution business [...] and take into account the facts and characteristics of the T&D System and System Power Supply known at the time the decision was made.” See T&D OMA, Section 1.1, at 26.

⁷ See T&D OMA, Section 5.1, at 62, and Annex I, Section I(A), at I-1.

⁸ See T&D OMA, Section 5.19(c), at 78.

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that provides that, for the safe and reliable operation and maintenance of the T&D System, LUMA shall perform expansions and replacements to meet Contract Standards, including asset management, asset acquisitions, or procurement.⁹

Also relevant is Annex I of the T&D OMA, Section II. A, that imposes upon LUMA the responsibility for managing and maintaining all assets of the T&D system, including machinery, equipment, structures, improvements and condition assessments of the electrical system components, in accordance with the Contract Standards, including (1) development and implementation of asset management strategies and risk optimization for combined technical performance, life cycle cost, safety, customer satisfaction and regulatory compliance, and (2) real estate management, leases and agreements.¹⁰ Finally, Annex I, Section VIII(A) of the T&D OMA which demands that LUMA perform normal and ordinary maintenance of property of the T&D System.¹¹

Q.26 How are the functions of the Facilities Department related to Puerto Rico's energy public policy goals?

A. In maintaining and administering facilities of the T&D System, the Department allows LUMA to provide an essential service and, thus, to advance energy public policies such as those stated in Act 57-2014 and Act 17-2019, including that, as an electric power company in Puerto Rico and the Operator of the T&D System, LUMA shall provide an adequate, reliable, safe, efficient service per Section 6.21(a) of Act 57-2014¹²; ensure the continuity and reliability of the electrical system, by facilitating and promoting the construction of efficient and resilient infrastructure per Section 1.10(e) of Act 17-2019¹³;

⁹ See T&D OMA, Annex I, Section I(A), at I-1.

¹⁰ See T&D OMA, Annex I, Section I(A), at I-4.

¹¹ See T&D OMA, Annex I, Section VIII(A), at I-12.

¹² 22 LPRA § 1054t (2025).

¹³ 22 LPRA § 1141i (2025).

and to ensure that specific improvements to the Electrical System are carried out to render it robust, resilient, and stable in accordance with the modernization and reconstruction priorities established in Section 1.15 of Act 17-2019¹⁴, all requiring well-maintained and fully operational facilities.

The Department also helps LUMA meet regulatory mandates of International Building Codes and the Occupational Safety and Health Administration (“OSHA”).

III. OPTIMAL BUDGET

Q.27 What is the proposed Optimal Budget for the Facilities Department?

- A. Facilities is requesting a three-year budget (FY2026-FY2028) of \$201.65 million (\$122.03 million in O&M and \$79.62 million in NFC). Looking at the FY2026 budget, the proposed budget of \$102.81 million (\$38.60 million in O&M and \$64.21 million in NFC) represents an increase of \$76.91 million (\$15.70 million in O&M and \$61.21 million in NFC) over the FY2025 approved plan and noted decreases in FY2027 and FY2028 to approximately \$48 million each year (e.g., the majority of the NFC funding requirements reside in FY2026).

¹⁴ 22 LPRA § 1141n (2025).

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	FY2025 Approved Amount (\$MM)		FY2026 Amount Required (\$MM)		FY2027 Amount Required (\$MM)		FY2028 Amount Required (\$MM)	
Program/Activity	O&M	NFC	O&M	NFC	O&M	NFC	O&M	NFC
Staffing	\$7.9	-	\$9.57	-	\$10.30	-	\$10.82	-
Materials and Supplies	\$2.0	-	\$2.57	-	\$2.70	-	\$2.84	-
Technical and Professional Services ²	\$5.1	-	\$10.72	-	\$11.18	-	\$11.74	-
Utilities & Rent	\$5.9	-	\$13.48	-	\$14.14	-	\$14.84	-
Miscellaneous Expense ³	\$2.0	-	\$2.26	-	\$2.37	-	\$2.49	-
Facilities SUBTOTAL	\$22.9	\$3.0	\$38.60	\$64.21	\$40.69	\$8.07	\$42.73	\$7.34
Facilities TOTAL	\$25.9		\$102.81		\$48.76		\$50.07	
NOTE 1: Detailed breakout of NFC budget by individual project is presented in Table 6.								
NOTE 2: Technical and Professional Services line includes Professional & Technical Outsourced Services and IT Service Agreements.								
NOTE 3: Miscellaneous Expense line includes Transportation, Per Diem, and Mileage and Misc. Expenses.								

Q.28 Please describe the process undertaken to arrive at this proposed Optimal Budget.

A. Per the approach taken across all LUMA’s departments, the Facilities Department built its operation and maintenance (“O&M”) and Non-Federally Capital (“NFC”) budgets from the bottom up. For O&M costs, we started at the cost center and within that, the Kind of Expense – “KOE” level, identifying activities required to achieve the remediated state addressed in the FDIP, and for NFC costs, we built estimates at the project level, developing a prioritized list of capital repairs, replacements, and additions shown in Table 6. O&M and NFC cost estimates were reflective of our knowledge of the condition, functionality and capacity of our facilities, the assumption of new responsibilities, such as a shift of substations from T&D Operations to Facilities, and Facilities Department-related programs that have not yet been fully implemented, such as preventive and predictive maintenance, master planning and programming, full scope facilities management, customer engagement, and the building operator’s certification program. In addition, the costs were developed using current costs and historical expenses as base costs.

With the total needs identified, we then looked at executability in terms of

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resource availability and supply chain considerations, and then adjusted the FY2026 projection with focus on (1) duration to prevent any further slippage in timelines of the SRP, and (2) achievability, accounting for the effect that responding to emergencies and unexpected equipment failures will still have, at least in the short term, on the deployment of our current resources.

Multiple reviews were conducted. The budget was initially prepared at the sub-department level by team leaders who fully understand their funding requirements, approved by me and my Department Head, and then submitted for consolidation, review, and approval by LUMA's Executive Leadership Team.

Q.29 How did the Facilities Department determine that all costs included in the Optimal Budget are reasonable?

A. In determining the reasonableness of the costs included in the Optimal Budget, the Facilities Department adopted a comprehensive and methodical approach based on both internal analyses and external validations. The process began with the development of operating, maintenance, and capital expenditure budgets from scratch. This involved identifying all necessary activities at the most detailed level (as explained above, this is assessed in conjunction with the KOE evaluation) to achieve the improvements and target operating status set out in the Facilities Department's Improvement Plan. For NFC projects, estimates were developed at the project level, with a prioritized list of repairs, replacements, and additions based on the current condition, functionality, and capacity of the facilities.

A key factor in establishing the reasonableness of the projected costs was the use of a wide variety of data sources. The Facilities Department relied on actual historical expenditures and the results of current and previous maintenance contracts. Vendor

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quotes, recent competitive processes' results, and historical material and supply cost records were also incorporated into the budget process. This ensured that the budget was informed by both past spending patterns and current market realities.

To further ensure that costs were competitive in the marketplace, the Department conducted comparative analyses against industry standards. For example, the current cost per square foot for facility management was about \$2, while industry norms for maintaining older buildings typically fluctuate between \$5 and \$7 per square foot. The proposed Optimal Budget would increase this figure to \$4 per square foot, representing significant progress toward alignment with industry benchmarks and reflecting a more realistic cost structure for the scope and age of facilities under management.

External validation played a key role in the budget process. The Facilities Department obtained quotes and support from multiple vendors and consultants to develop the cost estimates. These external inputs were used to validate internal projections and ensure that the budget reflected prevailing rates in the market. In addition, all expenses, except salaries, were subject to competitive procurement processes, ensuring that prices were tested and validated through competition in the market.

The reasonableness of the budget was further strengthened through a multi-level review and approval process. Initial budget proposals were prepared at the subdepartment level by team leaders with direct and personal knowledge of operational needs. These proposals were then reviewed and approved by department heads before being consolidated and subjected to increased scrutiny by LUMA's Executive Leadership

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Team. This layered review process provided additional monitoring and validation of the proposed costs.

Resource availability and enforceability were also carefully considered. The Department assessed whether the proposed budget could be realistically executed, taking into account current staffing levels, supply chain constraints and the potential impact of emergencies or unexpected equipment failures. Adjustments were made to ensure that the budget was both achievable and sensitive to operational risks.

For NFC expenditures, a risk-based classification methodology was applied to prioritize projects. This methodology considered risk to security, operational continuity, acquisition feasibility, and strategic alignment, ensuring that the most critical needs were addressed first. Projects with higher risk scores were given priority, especially those related to safety and compliance.

The budget also accounted for new responsibilities, such as transferring substations (previously handled by the Operations Department) to the Facilities Department, expanding facilities to accommodate a growing workforce, and implementing new programs such as preventive and predictive maintenance. When possible, the Department planned to reduce reliance on higher-cost outside contractors by increasing in-house staffing, particularly in areas such as landscaping, electrical generators, plumbing, electrical, and HVAC.

Inflationary factors and regulatory compliance costs were incorporated into the budget, with estimates for permits and other regulatory requirements developed in collaboration with relevant departments and based on established fee structures. LUMA also considered quotes that were received prior to developing the budget.

The Facilities Department's approach to determining cost reasonableness in the Optimal Budget was rigorous, data-driven, and multifaceted. By leveraging historical data, market benchmarks, competitive procurement, risk assessments, and multiple levels of internal and external review, the Department ensured that the budget was reasonable and aligned with operational needs, safety requirements, and industry standards.

Q.30 What key initiatives are addressed in the Optimal Budget?

A. Underlying all our efforts is ensuring that the foundational business elements are in place, ranging from proper assimilation of new hires to providing strategically placed, well-maintained facilities to support the field operations, and to make significant headway in achieving remediation per LUMA's SRP. The key initiatives are aimed at addressing the shortfalls of operating within a constrained budget since commencement and include:

- (1) providing a safer and more reliable environment for LUMA employees and customers, by prioritizing the work that is required to meet safety and environmental regulations, in the fastest time possible to reduce risks and operational "down-time";
- (2) adopting a preventive maintenance approach focused on maximizing the useful life of assets, moving from a reactive paradigm to a preventive and predictive facility maintenance program, while addressing through NFC funding issues that leave current facilities in a serious state of disrepair and/or out-of-compliance with International Building Codes and OSHA regulations; (3) implementing a robust Computerized Maintenance Management System, to maintain a reliable record that will serve as a tool to measure progress and improvement opportunities; (4) expanding and further developing the Department's staff to keep pace with increasing business requirements by providing fast and efficient service to our employees and customers, more specifically, addressing the expected significant increase in overall LUMA headcount of requiring an

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estimated 180,000 square feet of additional space, attributed to a stepped increase in T&D system-wide capital investments (5) completing architecture and engineering assessment of all 278 facilities with the establishment of standards and specifications for each facility under the responsibility of LUMA; (6) procuring services to perform repairs, make improvements, remediate or reconstruct facilities; (7) renovating office spaces to densify and maximize space to accommodate LUMA's growing workforce, combined with consolidation and more strategic placement of facilities, which in the long term will reduce lease-related costs and improve access, from both a customer service perspective, and worker efficiency perspective; (8) implementing an infrastructure repair program to comply with seismic and current building codes; and (9) meeting the added responsibility of maintaining substations that has recently been transferred from T&D Operations to the Facilities Department, and the cost of bringing to codes and standards the more than three hundred and seventy (370) facilities located within the substations.

Q.31 Please explain the budgetary increase of \$78 million for FY2026 over the FY2025 budget for the Department.

A. Past levels of funding, driven by our need to operate within budgets supported by current rates, has stretched our ability to maintain and operate serviceable facilities that can be operated reliably, safely, and cost-effectively. Rather than making headway across the board in maintaining, operating, and upgrading LUMA's facilities, the Facilities Department has had to adopt a risk-based approach in projecting near-term failures, and has focused the majority of its proactive planning and spending on those facilities deemed most critical to LUMA's mission to provide safe and reliable service to its customers, and had to adopt a "run-to-failure" strategy for the balance of its assets. Further, ancillary services (such as deep cleaning janitorial services, pest control,

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landscaping, painting, pressure washing, window and door replacements, renovations, shredding services, energy and sustainability related initiatives) have necessarily been reduced to minimum service levels. This approach is not sustainable for FY2026 and beyond because worker safety and health will suffer with corresponding increases in employee lost time and insurance and liability risks. Additionally, remediation as outlined in the FDIP will not be achieved, and LUMA will be out of compliance with international building codes.

A. Proposed O&M Costs

Q.32 What costs are included in staffing?

A. Staffing costs include annual compensation and benefits of the Department's current 111 employees and planned 57 full-time equivalents ("FTEs") to be added by FY2026, and only slight additions in the Business and Support Management section (i.e., 2 FTEs) in FY2027. These costs also include overtime which is estimated using the projected work involved in the initiatives.

Table 2. Departmental Staffing Summary

Section	Budgeted Headcount				Scope and Reason for Increase
	FY2025	FY2026	FY2027	FY2028	
Operations and Maintenance	56	85	85	85	• 2 Power Generator Technicians – Establishing contracts for preventive maintenance and repairs of more than 100 power generators would be more costly. • 2 Area Supervisors – Increasing from four to six areas to deal with the substation facilities more efficiently. • 1 Capital Projects Manager – Filling a vacant position (Professional Engineer) • 4 Master Plumber – Increased demand for plumbing work, and on the net, contracting would prove more expensive. • 9 Assistant Electricians – All electricians should work on team of two: not happening now. • 4 HVAC Technician – To deal with substations (newly assigned to the

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					Facilities Group) and support the two additional regions. • 4 Facilities General Workers – To meet increasing demand for general building repairs
Real Estate and Working Spaces Improvement	13	27	27	27	The following additional positions are required to meet increasing demand for space restorations: • 5 Construction Workers • 1 Senior Construction Workers • 2 Project Coordinators • 2 Junior Coordinators • 1 Project Coordinator • 1 Project Manager • 1 Junior Project Coordinator • 1 Master Planner- Master planning duties are currently being conducted by personnel with no experience in real estate planning (required to address this knowledge and experience gap)
Business and Support Management	42	56	58	58	• 10 Landscapers – to accommodate increase in acreage to maintain and the need to regionalize the service for improved efficiency. • 2 Senior Landscapers – Same as above • 1 Facility Service coordinators – Vacant due to attrition • 1 Tennant Service Supervisor – Vacant due to attrition • Property Coordinator (2027) – No property bookkeeper
TOTAL	111	168	170	170	

Q.33 From a higher-level perspective, why is the Department adding FTEs?

A. As supported in my responses to questions Q.31 and Q.32 above, and further outlined in Table 2, the main reasons driving these increases are (1) the needed shift from reactive maintenance to a more comprehensive proactive and planned maintenance regimen, (2) additional requirements related to adding substations under the Facilities department purview, (3) expansion of current facilities and addition of new facilities to accommodate an expanded system-wide workforce, and (4) efforts to decrease reliance on higher-cost external contractors, particularly in the areas of landscaping, power generators, plumbing, electrical, and HVAC.

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515 **Q.34 How did the Department project the staffing costs for FY2027 and FY2028?**

516 A. The increase in FY2027 and FY2028 address the addition of 2 individuals in the Business
517 and Support Management section in FY2027, and annual increase in salaries, fringe
518 benefits and bonuses.

519 **Q.35 How did the Department project Materials and Supplies?**

520 A. The base cost for materials and supplies included actual costs, previous historical records,
521 planned projects repairs (such as retrofit of lighting systems in buildings and warehouse,
522 repair of fire suppression systems, elevators restoration, fence repairs, new grease traps,
523 parking paving, etc.), and, where applicable, inflation. These costs include, but are not
524 limited to, paint, spare parts for HVAC systems, plumbing items, power generators
525 engine parts and filters, air handling unit lighting, tools, etc. The increase is mainly due to
526 the necessity of acquiring additional materials and supplies to maintain inventory levels
527 and ensure that the department meet the ongoing needs identified.

528 **Q.36 Please identify the types of costs included in Technical and Professional Services.**

529 A. Table 3 below lists the contracted Facilities Management services and estimated costs
530 that comprise the Optimal Budget:

531 **Table 3. Technical and Professional Services Summary**

Technical and Professional Service	FY2026 Estimated Cost (\$M)
Janitorial Services	\$6.00
Fire Detection/Alarms/Suppression Systems Repair, Operation	\$1.37
Elevators Systems Retrofit and Modernization	\$0.28
Preventative Maintenance and Repairs of Major Building Systems (HVAC, plumbing, electric, power generators, etc.)	\$1.30
Miscellaneous	\$1.70
IT Service Agreements	\$0.07
TOTAL	\$10.72

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Q.37 Please explain what the costs included in Technical and Professional Services are based on.

A. The Facilities Department developed its technical services budget through a detailed, bottom-up process that included historical expense data, current supplier quotes, and comparisons to industry standards. Cost projections for services such as cleaning, HVAC maintenance, elevator inspections, generator repairs, and engineering support were validated using independent estimates and consultations with both internal procurement experts and external consultants. All expenses related to technical and professional services, except salaries, are subject to competitive procurement processes to ensure that prices are in line with the market. The total estimated cost for these services in fiscal year 2026 is \$10.7 million, with a strong focus on security, business continuity, and regulatory compliance.

Q.38 Please explain the basis for the increase from FY2025 to FY2026 in Technical and Professional Services.

A. The drivers for this increase are: (1) \$3.5 million to perform janitorial services for all LUMA facilities to an acceptable standard (currently not the case), and (2) \$2 million to expand applicable services provided by the Facilities Department to 28 critical substation facilities (previously under the purview of T&D Operations).

Q.39 Please explain the basis for the increase from FY2026 to FY2027 in Technical and Professional Services.

A. The minor increase reflects our best estimate of demand for these services based on historical trends in spending levels, projected scope increases (e.g., janitorial services due to projected increases in staffing levels), and the effect of inflation, as discussed above.

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555 **Q.40 What types of costs are included in Utilities, Rent, and Other?**

556 A. The costs for utilities include electric service and potable water across all facilities -
557 including the newly assigned substations, whereas rent addresses leases for all LUMA
558 facilities, and “Other” is primarily parking areas for LUMA employees.

559 **Q.41 Please explain the basis for the increase of \$7.6 million from FY2025 to FY2026 in**
560 **Utilities, Rent, and Other.**

561 A. The projected increases apply across each of the three categories:

- 562 • Utilities –Includes an increase of electric service on all assigned facilities and
563 additional potable water for the newly assigned substations. During the past fiscal
564 year, the water-related costs for the substations were almost \$2.0 million, and
565 current fiscal year costs (through February) are nearly \$1.6 million, forecasted to
566 be nearly \$2.4 million by the end of FY2025. Therefore, we are projecting a total
567 for FY2026 close to \$2.7 million.
- 568 • Rents – Includes increased costs for new leases for laydown yards, warehouses,
569 and swing spaces for administrative offices for Capital Programs and call center
570 (refer to Table 4 for estimates)
- 571 • Parking – Addresses needs for employee parking in those facilities where the
572 spaces included in current leases are not sufficient, extension of current lease
573 agreement for 100 additional spaces, and leases for expanded parking spaces to
574 accommodate additional employees to be hired to support LUMA staffing needs
575 in FY2026 (refer to Table 4 for estimates).

Description	Annual Budget (\$K)	Justification
Warehouse Facilities	\$420	LUMA is maximizing the offices areas and replacing the current workstations with other smaller workstations to accommodate more people in the facilities. Some of the furniture/workstations taken out

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		from the facilities are in good shape and should be stored to be reused in other facilities or donated or disposed of in accordance with Puerto Rico Government processes.
Building for Capital Programs	\$1,200	The Capital Programs department is projected to grow at a pace faster than we can make modifications to maximize existing office space. After completing a space planning evaluation, we determined that we could provide up to 200 additional workstations in existing facilities as compared to an estimated need for 600. To address this gap, we are contemplating the lease of an additional building, a solution that is faster and less expensive than further maximizing office space in Santurce and Monacillos.
Warehouse (4 - 1 per region)	\$1,200	Capital Programs has requested several warehouses in different locations across the island to store basic construction material near the work.
Laydown Yards (6)	\$1,500	Capital Programs also requires several laydown areas (yards) in different locations across the island to store basic construction material required to support capital work.
300 Parking Spaces	\$540	There is a noted shortage of parking available in the Santurce area. Facilities has located a building near LUMA's Santurce offices and is planning to establish a lease agreement with the owner. These 300 spaces meet 60% of the projected need for additional parking in this area.

Table 4. Proposed New Rents List

It is important to consider that most of these spaces, as explained in the table above, are necessary to allow capital projects (executed by Capital Programs) that LUMA executes to transform the T&D System to be completed.

Also, I should highlight that in addition to requesting these budgets, we are working in parallel with the Government of Puerto Rico for several mutual agreements that would provide space and lots for LUMA to use free of charge. This has already been finalized for two projects, and we continue to work to expand the initiative.

Q.42 What types of costs are included in Miscellaneous Expense?

- A. Table 5 provides a breakdown of the major items that fall under the Miscellaneous category:

Table 5. Miscellaneous Costs Summary

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	FY2026 Estimated Cost (\$M)
Land Transportation	\$1.58
Per Diem & Traveling Expenses	\$0.03
Air Transportation	\$0.04
Rentals – Equipment	\$0.06
Training	\$0.49
Misc.	\$0.06
TOTAL	\$2.26

Q.43 Please explain how the costs included in the budget for Miscellaneous Costs were developed.

A. The Facilities Department conducted an analysis using actual costs and data from various sources, including searches, supplier quotes, previous experience with contracts, and average inflation rates for similar projects. Quotes for these projects were also consulted, and the opinions of the Facilities team were considered, based on their experience at LUMA or previous employers.

B. Proposed NFC Costs and Activities

Q.44 What comprises the NFC funding request?

Facilities is requesting \$79.1 million in NFC funds over FY2026 to FY2028 to implement the SRP Facilities Development and Implementation Program, as only \$11.3 million of the \$73.9 million originally contemplated over the last four fiscal years has been allocated to the department. Table 6 below provides a prioritized list of the specific NFC projects that comprise this plan, completion of which will realign LUMA to the objectives outlined in the Facilities Development and Implementation Program Brief.

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603

NFC Project	Description	FY2026 (\$M)	FY2027 (\$M)	FY2028 (\$M)
Power generator for several locations	86 power generators island wide, most of which are obsolete (require replacement or significant updates / retrofits to assure optimal performance, particularly during power outages.	\$2.96	\$1.00	\$0.08
Water Cisterns	69 water cisterns island wide most of which are obsolete (require replacement or significant updates / retrofits to assure optimal performance, particularly during emergencies, but also for business as usual.	\$0.96	\$0.05	\$0.05
HVAC retrofit or replacement	Retrofit or replace several HVAC units in different buildings, due to a lack of maintenance over the past 10+ years. Specific replacements include La Torre units (this is a critical property with a critical operation), Luchetti chillers and water pumps system replacement, JRV Chillers replacement and NEOS air recirculation handling unit (Fresh air).	\$6.33	\$1.00	\$1.00
Critical Building Repairs (Safety)	Luchetti building has over 600 employees on different floors, who could be at risk according to a structural assessment conducted 6+ years ago. The facilities team will conduct a new structure assessment to identify the risk and create an updated plan. Other Safety issues contemplated in this project are (1) NEOM electrical improvements, (2) Luchetti elevator system modernization, (3) NEOS crown repair, (4) NEOM waterproofing and (5) Durotex roof retrofit.	\$14.01	\$0.14	\$0.08
Cagua's region's safety issues	Address properly, projects include: (1) major repairs to Carolina complex, (2) warehouses repairs (roofs, fire alarm and suppression systems repairs, ventilation, lighting, floor repairs, bathrooms), (3) asphalt of various parking areas and (4) demolition of unusable buildings.	\$8.14	\$0.08	\$0.08
Bayamon's region's safety issues	Replacement of the fire alarm system, the fire suppressor system and the grease trap of Cataño fleet shop. This shop does not comply with safety codes and represents a safety issue for our employees.	\$3.95	\$0.08	\$0.08
Ponce's region safety issues	The Ponce region has several safety issues including (1) damaged fire suppression systems, (2) damaged trailers offices at various locations (3) stormwater issues, (4) damaged structures that require demolition, (5) parking areas in need of asphaltting (Ponce, Santa Isabel) and (6) warehouses.	\$8.26	\$0.08	\$0.14
Arecibo's region's safety issues	Several safety issues require the following repairs (1) Arecibo warehouse, and (2) Operations Building.	\$2.83	\$0.08	\$0.08
Mayaguez's region's safety issues	Several safety issues require the following (1) Fleet Shop reconditioning and (2) CX roof waterproofing.	\$1.36	\$0.08	\$0.08
Contact Center (CIM) relocation	To maintain 24/7 coverage at the current location, LUMA incurs extra charges for HVAC usage and parking that increases monthly lease expenses from \$50K to \$100K. The Facilities team has located a new property that will eliminate these extra charges, projecting annual savings of \$452k over the first 5 years and \$803K annual savings thereafter. The ROI will be realized in 5 years.	\$0.25	-	-
Caparra Customer Experience (CX) relocation	As the Caparra CX is in a leased property, relocating this function to the Guaynabo OPS building which (a Luma/PREPA property) will eliminate the lease expense (\$22k annual savings) resulting in an ROI within 3.5 years.	\$0.60	-	-

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NFC Project	Description	FY2026 (\$M)	FY2027 (\$M)	FY2028 (\$M)
Hormigueros Contact Center and Mayaguez CX relocation	Hormigueros contact center property is associated with several opportunities to maximize the capability and merge other operations such as San German and Mayaguez. With this merger LUMA's annual lease expenses will be reduced by \$250k	\$1.50	-	-
Carolina CX consolidation with Carolina OPS	Carolina CX is currently leased property. By merging with Carolina OPS (a LUMA property), our annual lease expenses will be reduced by \$222k	\$0.60	-	-
Furniture	LUMA received a deteriorated workplace with old furniture and suboptimal configurations that restricts use of work areas and the ability to properly increase the workforce. This project will make improvements to 2 floors in Santurce (\$5MM), 2 floors in Monacillos (\$2.9MM) and 2 additional OPS or CX buildings (\$120K). In accomplishing this, an additional 200+ workstations will be created with proper ergonomics for the employees	\$8.00	\$5.0	\$5.00
Decommissioning Project (Luma and PREPA equipment)	Required to address the surplus of LUMA's furniture (\$500k) and PREPA's furniture / documents (\$500k) resulting from the effects of the anticipated rapid increase in LUMA's workforce	\$1.00	\$0.5	\$0.50
DOC and Dispatch relocation to NEOM 1st Floor	The DOC operation needs to be relocated temporarily due to the construction of the new PCC building. For this move, and to ensure the proper operation of the critical operation at NEOM 1st floor, improvements in power installation, power redundancy and HVAC are required.	\$1.50	-	\$0.20
Women Bathrooms with showers in Operation Buildings	Required to support anticipated increase in LUMA woman workforce as bathrooms with showers represent a noted deficiency at 3 locations.	\$0.18	-	-
Employees Ergonomic Chairs	Most of Luma's employees are working in chairs with over 15 years of use, many of which are partially damaged. This project envisions replacement of at least 2,000 chairs to improve employee productivity and health	\$1.75	-	\$0.01
TOTAL		\$64.2	\$8.1	\$7.3

Q.45 How did Facilities develop the costs for its NFC projects?

A. For NFC expenditures we developed the prioritized list of capital repairs, replacements, and additions shown above in Table 6. The primary inputs were feedback from Occupational Safety and the results of Job Site Inspections to which we applied a ranking methodology that factors for Risk, Facility Focus Rating, Procurement Viability, and Strategic Alignment. Each factor or evaluation criteria had an assigned weight, allowing for a weighted score, where the higher the score, the higher the priority.

To ensure that costs were reasonable, the Department conducted an analysis using actual costs and data from various sources, including searches, supplier quotes, previous

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experience with contracts, and average inflation rates for similar projects. Quotes for these projects were also consulted, and the opinions of the Facilities team were considered, based on their experience at LUMA or previous employers. This process is standard for all costs projection analysis.

Q.46 What are the risks if the requested NFC budget request is not funded?

A. Failure to fund the initiative will have an adverse effect on personnel productivity, will pose safety risks to both employees and the public at large, and will constrain LUMA's ability to improve service restoration during unplanned system outages, thereby affecting customer satisfaction.

If required to operate aged and deteriorated facilities over an extended replacement period, LUMA will continue to apply standard operating and maintenance practices to partially mitigate the safety, productivity, and financially related risks. However, the effectiveness of these interim measures will wane in time as reactive maintenance and the need for emergency repairs increase. The condition and functioning of facilities will suffer, and users will experience safety hazards and productivity and efficiency losses. These impacts will inevitably affect normal operations and have a profoundly negative effect on the overall T&D system.

Q.47 What benefits will LUMA's customers realize if the programs, projects and activities that comprise the Optimal Budget are funded?

A. From a long-term perspective, expansion of and improvements to facilities will result in a safe and comfortable work environment, a prerequisite for our employees to focus on improving the T&D system and the overall customer experience (e.g., reducing SAIDI and improving the function of Customer Service Centers). The requested increase in headcount will allow LUMA to simultaneously improve the scope and quality of

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facilities-related services and over time decrease reliance on more costly outside services.

These activities will lead to lower electricity costs for LUMA's customers.

In addition to supporting LUMA's commitment to public and worker safety, well-targeted capital investments and a more robust approach to both preventive and corrective maintenance, the Optimal Budget will allow LUMA to improve the serviceability and proximity of facilities, with positive effects on service restoration. Proper placement of facilities will improve responsiveness of crews during unplanned outage events – reduce SAIDI) and reduce O&M costs. Better maintained facilities will reduce the level of more costly reactive maintenance, and the consolidation of facilities will reduce leasing costs.

Q.48 Are the proposed costs for Facilities both just and reasonable?

A. Yes. The proposed costs are the product of LUMA's considered judgment on the funding needs for Facilities to operate prudently and comply with regulatory, contractual, and public policy requirements, as outlined in my testimony, and to avoid the risks identified above, if the activities of the Facilities Department are not funded as requested.

Q.49 Are the costs proposed in the FY2026-FY2028 budget avoidable?

A. The costs above those budgeted for FY2025 are avoidable in that the additional positions have not been filled, and contracts for additional services have not been signed.

IV. CONSTRAINED BUDGET

Q.50 Please describe the Department Constrained Budget.

A. As shown in Table 7, Facilities is providing a Constrained Budget for that represents a significant reduction in FY2026, offset by a slight increase in FY2028.

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658 Table 7. Summary of Constrained Facilities Department Business Plan for FY2026 to FY2028

	FY2025 Approved Amount (\$MM)		FY2026 Amount Required (\$MM)		FY2027 Amount Required (\$MM)		FY2028 Amount Required (\$MM)	
Program/Activity	O&M	NFC	O&M	NFC	O&M	NFC	O&M	NFC
Staffing	\$7.9	-	\$9.51	-	\$9.99	-	\$10.49	-
Materials and Supplies	\$2.0	-	\$2.57	-	\$2.70	-	\$2.84	-
Technical and Professional Services ²	\$5.1	-	\$8.65	-	\$9.08	-	\$9.53	-
Utilities & Rent	\$5.9	-	\$10.02	-	\$10.52	-	\$11.04	-
Miscellaneous Expense ¹	\$2.0	-	\$1.77	-	\$1.86	-	\$1.95	-
Facilities SUBTOTAL	\$22.9	\$3.0	\$32.52	\$34.06	\$34.14	\$9.08	\$35.85	\$17.67
Facilities TOTAL	\$25.9		\$66.58		\$43.23		\$53.52	
NOTE 1: Miscellaneous Expense line includes Transportation, Per Diem, and Mileage and Misc. Expenses.								
NOTE 2: Technical and Professional Services line includes Professional & Technical Outsourced Services and IT Service Agreements.								

659 **Q.51 How did the Department develop the Constrained Budget?**

660 A. The Constrained Budget for FY2026 was developed through a bottom-up approach. We
661 examined all the NFC projects and identified areas where we could apply reductions
662 without impacting safety or the continuity of operations. This involved postponing certain
663 activities and investments that were not essential for safety or mandatory requirements.
664 We either reduced the scope of these projects or deferred them to future years. The costs
665 for FY2027 and FY2028 were developed by applying an annual inflation rate to the
666 preceding year's budget. Specifically, the FY2027 budget reflects an inflationary
667 adjustment to the FY2026 baseline, and the FY2028 budget was calculated by applying
668 the same inflation rate to the FY2027 figures.

669 **Q.52 What lines of the Optimal Budget are reduced in the Constrained Budget?**

670 A. For O&M, the Facilities Department will be deferring activities to reduce Staffing,
671 Utilities & Rent, Technical and Professional Services and Miscellaneous expense lines.
672 For NFC, the department will also be reducing the scope of activities and projects that are

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a part of the Facilities Development and Implementation Program. Below is a comparison of what NFC projects will be deferred or reduced.

Table 8. NFC Projects Reduced or Deferred for Constrained Budget

NFC Project	FY2026 Optimal (\$M)	FY2026 Constrained (\$M)
Power generator for several locations	\$2.96	\$2.96
Water Cisterns	\$0.96	\$0.60
HVAC retrofit or replacement	\$6.33	\$5.33
Critical Building Repairs (Safety)	\$14.01	\$4.01
Cagua's region's safety issues	\$8.14	\$4.60
Bayamon's region's safety issues	\$3.95	\$2.95
Ponce's region safety issues	\$8.26	\$0.74
Arecibo's region's safety issues	\$2.83	\$1.50
Mayaguez's region's safety issues	\$1.36	\$2.24
Contact Center (CIM) relocation	\$0.25	\$0.25
Caparra Customer Experience (CX) relocation	\$0.60	\$0.60
Hormigueros Contact Center and Mayaguez CX relocation	\$1.50	\$0.76
Carolina CX consolidation with Carolina OPS	\$0.60	\$0.60
Furniture	\$8.00	\$4.80
Decommissioning Project (Luma and PREPA equipment)	\$1.00	\$0.50
DOC and Dispatch relocation to NEOM 1st Floor	\$1.50	\$1.50
Women Bathrooms with showers in Operation Buildings	\$0.18	\$0.12
Employees Ergonomic Chairs	\$1.75	-
Total	\$64.21	\$34.06

Q.53 For those budget lines that are reduced when compared to the Optimal Budget, can you provide examples of the activities that will not be funded or for which funding will be deferred?

A. Some of the activities LUMA will defer are the following: hiring personnel to increase the department footprint in the island from four (4) regions to six (6), reduce the scope and/or defer to future years some projects (e.g., and reduce office equipment acquisitions (e.g., renovations, new workstations, and new furniture), reduce the scope of severable services (e.g., custodial / janitorial, repair / restoration of waterproofing systems, and paving of parking lots). Deferring these activities introduces the following risks: low internal customer satisfaction, inability to cope with work demand and requests, and

correction of critical infrastructure issues will have to be postponed for future years.

These deferrals will impact overall program execution and will delay key milestones such as reaching the remediated state by one to two years, affecting the program's timeline and objectives.

Q.54 What is the consequence of eliminating or deferring these activities?

A. Employees will face obstacles presented by substandard facilities. Currently, custodial services are not provided in all facilities, the result of budget constraints imposed. This causes discomfort for our employees (and in extreme cases, health challenges), resulting in increased complaints and service requests. Specific items left unaddressed can lead to even more severe issues. For example:

- restrooms in the substations are in extremely poor condition and the employees refuse to perform basic hygienic tasks,
- continual water leaks can lead to mold and overall damage to buildings infrastructure,
- waterproofing systems in most facilities are in serious states of disrepair,
- parking facilities require extensive repairs, posing hazards to vehicles and employee safety, and
- since the average age of the facilities exceeds 40 years, the backlog of maintenance activities continues to expand, resulting in costly reactive maintenance, focused on addressing only the most critical items.

Q.55 If the Constrained Budget is approved, will the Department continue to meet its contractual and legal duties?

A. Yes.

710 **Q.56 Please explain.**

711 A. The Department will prioritize its work by liaising with key stakeholders, keeping the
712 critical facilities operational, with safety as the primary criterion for establishing
713 priorities. Progress with other services and projects will necessarily depend on the
714 initiative of each proponent cost center.

715 **Q.57 What would be the impact if the Constrained Budget for the Department is**
716 **reduced?**

717 A. Depending on the extent of the reduction, and assuming a return to previous budgets:

- 718 • Nearly all the facilities may fail building code inspections due to lack of operable
719 fire safety systems.
- 720 • Structural retrofit needed in Luchetti Building to comply with modern seismic
721 codes will have to be postponed therefore, in case of a major earthquake event the
722 building could suffer serious structural damages.
- 723 • Electrical code violations will exist in some locations.
- 724 • Restrooms will prove inadequate in many locations, particularly those where the
725 influx of additional personnel is most prevalent. Also, there is an immediate need
726 to provide/build proper restrooms and shower rooms for females due to the
727 addition of female line workers.
- 728 • Facilities could be shut down, particularly those with HVAC systems that are
729 prone to failure during periods of excessive heat.
- 730 • Those with electrical issues (virtually all the facilities) could experience failure to
731 provide the load needed and may cause fires in the worst cases.
- 732 • Most of the elevators will fail safety inspections.
- 733 • Roofs will remain in serious disrepair in most of the facilities. Most of the roof's

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waterproofing systems surpass their useful life are require immediate replacement.

- Nearly all the facilities will house aging generators and switchgear (or none), causing unplanned outages and, thus, affecting critical business activities such as accepting customer payments, repairing fleet assets, warehouse operations, and responding to unplanned system outages.
- Basic material deficiencies in furnishings (e.g., ceiling tiles, painting, carpet, window and door seals, furniture, and security mechanisms) will have adverse effects on employee and customer health and safety.
- Further, LUMA will fail to capture opportunities to reduce lease costs by consolidating and/or retiring specific facilities, it will not be able to accommodate the anticipated influx of additional personnel and will not achieve the remediated state presented in LUMA's SRP.

I. PROVISIONAL RATE

Q.58 Is the Facilities Department proposing costs to be funded through a provisional rate?

Yes.

Q.59 Q. Please describe the costs of the Facilities Department that are included in LUMA's provisional rate application.

The Facilities Department is requesting \$20.9 million to be collected through the provisional rate:

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Item	O&M	NFC	Total
Existing Rent/Lease Renewals	\$0.6	-	\$0.6
Critical Facilities Initiatives	-	\$20.3	\$20.3
		Total	\$20.9

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I will elaborate on the specifics of each component of the Department's request

provisional rate request in the subsequent questions.

Q.60 How did the Facilities Department develop the costs to be included in the provisional rate application?

LUMA undertook a comprehensive evaluation of all ongoing activities and initiatives to ascertain which were indispensable to meeting the system requirements and whose associated costs were incremental to those already reflected in the FY 2026 Temporary Budget. Through this analysis, LUMA determined that, absent approval of these incremental costs through a provisional rate mechanism, certain necessary expenditures would remain unfunded in FY2026 before the Energy Bureau issues a final rate order in this rate review proceeding. On the O&M side, LUMA identified thirteen (13) leases that either include year-over-year rent increases that are contractually obligated, or leases that have been extended with upward rent adjustments. As these costs are contractually obligated by LUMA and unavoidable, an incremental \$0.6 million is included in the provisional rate request to be funded beginning as soon as possible. On the NFC side, LUMA's Facilities department developed a prioritized list of necessary capital repairs, replacements and additions for FY2026. A host of capital repairs were ranked by applying a ranking methodology that factors for risk, facility focus, procurement viability, and strategic alignment. Each factor or evaluation criteria is assigned weight allowing for total weighted scores (the higher the total score the higher the priority). Based on this exercise and the criteria, Facilities identified the following

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775 capital projects to be undertaken in FY2026:

Initiative	Description
Power generator for several locations	86 power generators island-wide, most of which are obsolete and require replacement or significant updates / retrofits to assure optimal performance, particularly during power outages. Moreover, the 86 emergency generators have exceeded their useful life, causing frequent failures that threaten operational continuity is unacceptable given the upcoming hurricane season. Power loss in facilities directly affects the grid reconstruction efforts and endangers employee safety and comfort. The lack of reliable backup power may lead to total shutdowns in the most critical facilities where redundancy is necessary. Preliminary planning efforts have begun, but full execution must occur in FY2026 to mitigate critical risks.
HVAC retrofit or replacement	Retrofit or replace several HVAC units in different buildings is required due to the lack of maintenance over the past 10+ years. Specific replacements include La Torre building units (a critical property with a critical operation), Luchetti building units chillers and water pumps system replacement, JRV building units chillers replacement, and NEOS building air recirculation handling unit (used to provide clean air). The SCADA Data Center HVAC system retrofit is an ongoing project and a priority for LUMA. Its completion is forecast to be in Q1 of FY2026.
Critical Building Repairs (Safety)	Luchetti building has over 600 employees on different floors, who could be at risk according to a structural assessment conducted 6+ years ago. The Facilities team will conduct a new structural assessment to identify the risk and create an updated plan. Other safety issues to be addressed with this project are (1) NEOM building electrical improvements, (2) Luchetti building elevator system modernization, (3) NEOS building crown repair, (4) NEOM waterproofing, (5) La Torre and NEOM buildings improvement due to SCADA new equipment and (6) Durotex roof treatment retrofit. Roof sealing and fire alarm projects at NEOM building have already started, but full completion and expansion to other buildings must occur in FY2026. Urgent improvements are needed in the La Torre and NEOM buildings to support the energy load of the new equipment, including an electrical generator to ensure continuous operation. SCADA or DOC failure could cause massive blackouts or prevent proper network monitoring, compromising facility safety.
Caguas region's safety issues	To address properly, projects include: (1) major repairs to Carolina complex, (2) warehouses repairs (roofs, fire alarm and suppression systems repairs, ventilation, lighting, floor repairs, bathrooms), (3) asphalt of various parking areas and (4) demolition of unusable buildings. These conditions are incompatible with a safe and functional work environment. Improvement projects have already started in Carolina and Caguas and must continue as a priority in FY2026.
Bayamon's region's safety issues	Replacement of the fire alarm system, the fire suppressor system and the grease trap of Cataño fleet shop. This shop does not comply with safety codes and represents a safety issue for our employees. Preliminary inspections and technical assessments have begun and must lead to full implementation in FY2026.
Ponce's region safety issues	The Ponce region has several safety issues including (1) damaged fire suppression systems, (2) damaged trailers offices at various locations (3) stormwater issues, (4) damaged structures that require demolition, (5) parking areas in need of asphaltting (Ponce, Santa Isabel) and (6) warehouses. While some projects are already underway, failing to complete improvements in FY2026 puts safety and regional operational stability at risk. It is critical to continue full execution of the upgrades initiated in FY2025.
Arecibo's region's safety issues	Several safety issues identified require repairs: (1) Arecibo warehouse, and (2) Operations Building. Failure to act could result in partial or total collapses with severe legal and human consequences. The projects have already started and are currently in the evaluation and design phase.
Mayaguez's region's safety issues	Several safety issues require the following repairs (1) Fleet Shop reconditioning and (2) CX roof waterproofing. Current conditions jeopardize the continuity of critical operations and may lead to unexpected shutdowns or major incidents. The projects have already been underway since FY2025 and are currently in the design and specification development phase.

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776 As explained in the preceding question, these costs are included in the provisional rate
 777 request because, if not funded, they will likely lead to further deterioration and/or failure
 778 or higher costs in the future and, in the meantime, pose major safety concerns for
 779 employees and customers. Some are also underway and need to continue.

780 Although the expenditures at issue do not pertain directly to repairs or upgrades of the

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T&D System, like the replacement of transformers or other primary grid components, they are nonetheless essential to the overall operation and reliability of the electric system. These facilities provide critical support services that enable the effective functioning of the T&D System and are integral to the successful completion of broader system projects.

Specifically, these supporting facilities include, but are not limited to, customer service centers, operational centers, maintenance depots, and logistical hubs, all of which are indispensable for the coordination, deployment, and management of resources required for T&D projects. The proper functioning of these facilities ensures that field operations can be executed efficiently and safely, thereby facilitating the timely completion of critical infrastructure projects.

The chain of operations necessary for project completion is only as strong as its weakest link. If supporting facilities are neglected or underfunded, the entire system's ability to deliver reliable service and complete essential projects is compromised. Therefore, the costs associated with these facilities are not ancillary, but rather form an integral part of the comprehensive system needs that must be addressed to ensure the successful execution of T&D System projects and the overall reliability of the electric grid.

Q.61 Are the costs that the Facilities Department is supporting within LUMA's provisional rate application just and reasonable?

A. Yes. The costs are just and reasonable because LUMA has identified and requested approved of costs that are high-priority and noncontroversial. The O&M costs are not contemplated in the FY2025 budget nor the FY2026 Temporary Budget, and approval of these costs cannot and should not wait until the third quarter of FY2026, at the earliest,

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when the permanent rates are expected to be approved. Similarly, as mentioned above, the NFC projects have been identified through LUMA's ranking criteria as high-priority and require immediate funding to avoid further degradation and risks to employee and public safety. These costs cannot be deferred until the approval of permanent rates. Based on this, automatic increases in existing rent agreements and lease renewals and capital projects identified herein are high-priority and noncontroversial and should be approved as part of the provisional rate request.

Q.62 What would be the impact if these costs are not funded through a provisional rate?

A. The impacts, as described above, would be that funding would have to be diverted from other areas of the Facilities Department to fund the unavoidable incremental facilities lease costs. For the NFC, the impacts would be further degradation and/or increased risk of failure, and potential threats to the safety of LUMA employees, contracts and customers. Diverting funds from the projects and activities currently funded within the FY26 Temporary Budget is not a realistic or feasible alternative. The Department must maintain the essential and ongoing initiatives that are critical to the safe and reliable operation of the entire system and, at the same time, must move forward with the projects that I identified above, that address specific operational needs, compliance requirements, or safety standards, and were prioritized based on their necessity to maintain the integrity of the T&D System and the well-being of employees, contractors, and customers.

As a direct consequence of not approving provisional rates to fund the Department's incremental budget, critical infrastructure and operational areas would continue to suffer from ongoing and irreversible deterioration, thereby exposing the T&D System to the risk of compounding damage and significantly increased remediation costs

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in the future. The approval of a provisional rate to cover these incremental costs is not only justified but essential to ensure the continued reliability and integrity of the electric system, and to avoid the escalation of costs that would inevitably result from deferred maintenance and underfunding.

Not starting the projects included for provisional rates incremental to the FY26 Temporary Budget is not acceptable to LUMA as we hold ourselves to the highest standards of safety.

Q.63 Are the costs included in the provisional rates request incremental to the FY2026 Optimal or Constrained budgets presented by the Department?

A. No. The costs included in the provisional rates request are not incremental to the optimal or constrained budgets. These costs are already part of LUMA's overall revenue requirement. The provisional rates simply reflect the timing of cost recovery, with a portion of these costs allocated to FY2026 while the permanent rate request is under adjudication. This approach ensures continuity of operations and funding during the regulatory review period, without increasing the total budget request.

Q.64 Does this complete your testimony? Are the costs included in the provisional rates request incremental to the FY2026 Optimal or Constrained budgets presented by the Department?

A. Yes.

ATTESTATION

Affiant, ~~Jose Carlos Latorre González~~Miguel A. Sosa Alvarado, being first duly sworn, states the following:

The prepared Direct Testimony, the cost information for the Facilities Department in LUMA Ex. 2.03 and LUMA Ex. 2.04, and the exhibits attached to the Direct Testimony, constitute my Direct Testimony in the above-styled case before the Puerto Rico Energy Bureau. I would give the answers set forth in the Direct Testimony if asked the questions that are included in the Direct Testimony. I further state that the facts and statements provided herein, including the appendices, are my Direct Testimony and to the best of my knowledge are true and correct.

Jose Carlos Latorre

~~González~~Miguel A. Sosa Alvarado

Affidavit No. _____

Acknowledged and subscribed before me by ~~Jose Carlos Latorre González~~Miguel A. Sosa Alvarado, in his capacity as ~~Design~~Director Facilities and ~~Space Planning and Real Estate Manager~~Infrastructure of LUMA, of legal age, ~~single~~married, and resident of ~~Trujillo Alto~~Carolina, Puerto Rico, who has been identified by means of his driver's license with registration number 26398624398159.

In San Juan, Puerto Rico, this ~~1st~~____ day of ~~July~~October 2025.

Notary Public

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LUMA Ex. 17.01

Facilities Program Brief Summary (“PBFM1”) (FY2026)

Annex C

SWORN STATEMENT

I, Sarah Hanley, of legal age, single, executive, and resident of San Juan, Puerto Rico, in my capacity as the Interim Senior Vice President of Customer Experience for LUMA Energy ServCo, LLC, hereby solemnly swear:

1. My personal and professional circumstances are as expressed herein.
2. I hold a Bachelor of Science with a major in Psychology from Hartwick College.
3. Prior to joining LUMA, I accumulated approximately 15 years of professional experience in the electric and gas utility industry, with a primary focus on Customer Experience. Throughout my career, I have held progressively responsible leadership roles, overseeing key customer-facing and operational functions, including contact center management, billing and back-office operations, walk-in centers, and digital self-service platforms.
4. I have actively contributed to multiple regulatory proceedings, including rate case filings, where I supported customer impact analysis, stakeholder engagement, and compliance documentation. My experience also includes participation in global utility best practice groups, where I collaborated with industry peers to benchmark performance and implement customer-centric innovations.
5. In addition, I bring extensive expertise in process development, utility billing systems, operational analytics, utility budgeting, and Key Performance Indicator (KPI) reporting. My work has consistently focused on aligning customer experience strategies with regulatory requirements and operational excellence. This experience has informed my priorities and approach in my role as Interim Senior Vice President of LUMA's Customer Experience department.
6. On July 2, 2025, Jessica Laird provided a Pre-Filed Direct Testimony as the Senior Vice President of Customer Experience for LUMA Energy ServCo, LLC, under Case No. NEPR-AP-2023-0003 before the Puerto Rico Energy Bureau.
7. On July 2, 2025, and pursuant to Puerto Rico laws, Jessica Laird executed an Attestation before Notary Public Edwin E. Rivera Pérez in Puerto Rico.
8. On July 3, 2025, LUMA Energy, LLC and LUMA Energy ServCo, LLC filed a *Motion Submitting Rate Review Petition* with the above-described Pre-Filed Direct Testimony.

and Attestation as Exhibit 7.00, in Case No. NEPR-AP-2023-0003 before the Puerto Rico Energy Bureau.

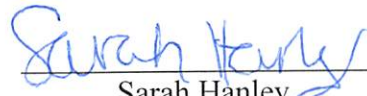
9. Jessica Laird is no longer with LUMA Energy ServCo, LLC. I currently serve as Interim Senior Vice President of Customer Experience at LUMA Energy ServCo, LLC.

10. On October 1, 2025, the Hearing Examiner issued an Order in Case No. NEPR-AP-2023-0003 requesting the parties to submit formally a motion, witness affirmation, and witness credentials of witnesses adopting others' testimonies by October 15, 2025.

11. I execute this sworn statement to manifest that I am adopting Jessica Laird's Pre-Filed Direct Testimony for Customer Experience in Case No. NEPR-AP-2023-0003. My credentials are included herein.

12. Everything stated above is true to the best of my knowledge, information, and belief.

Therefore, I hereby sign this Sworn Statement in San Juan, Puerto Rico, today, October 15, 2025.


Sarah Hanley

Affidavit No. 567

Acknowledged and subscribed before me, by Sarah Hanley, whose full name is as expressed herein, of legal age, single, executive, and resident of San Juan, Puerto Rico, in ~~her~~ ^{her} capacity as Interim Senior Vice President of Customer Experience for LUMA Energy ServCo, LLC, who is personally known to me.

In San Juan, Puerto Rico, today, October 15, 2025.




NOTARY PUBLIC