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

IN RE: LUMA INITIAL BUDGETS AND RELATED TERMS OF SERVICE	**CASE NO.:** NEPR-MI-2021-0004 **SUBJECT:** LUMA's FY2026 Provisional Budget Amendment Petition and Reprioritization of FAASt funding

RESOLUTION AND ORDER

I. Introduction

On June 20, 2025, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), issued a *Resolution and Order* ("June 20 Resolution"), establishing the Temporary Default Budget for Fiscal Year 2026, to remain in effect until new provisional or final rates were approved in the Rate Review proceeding ("Rate Case").[1]

On July 3, 2025, LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), on behalf of itself, Genera PR LLC and the Puerto Rico Electric Power Authority, submitted a document titled *Motion Submitting Rate Review Petition* ("July 3, 2025 Resolution"), through which LUMA submitted an application for permanent and provisional rates in Case No. NEPR-AP-2023-0003. LUMA used the approved amended FY 2025 budget as the baseline for its proposed permanent and provisional rates.[2]

On July 31, 2025, the Energy Bureau issued a *Resolution and Order* in the Rate Case ("July 31 Resolution"), establishing the Fiscal Year 2026 Provisional budget for the Electric System. The Energy Bureau based the approved allocation to LUMA on the original budget approved on June 26, 2024 rather than the amended budget the Energy Bureau approved on June 10, 2025.[3]

On October 10, 2025, LUMA filed a document titled *Motion Submitting Amendment to Fiscal Year 2026 T&D Provisional Budget* ("October 10 Motion"), through which, LUMA requested that the Energy Bureau amend the Fiscal Year 2026 T&D Provisional budget to recognize the FY 2025 amended budget, approved by the Energy Bureau on June 10, 2025, as the appropriate baseline for the FY 2026 Provisional budget, which would be consistent with LUMA's intent in the provisional rate request. LUMA also requested that the Federally Funded Capital Budget be revised from $1.2 billion to $718 million to align the budget with the FEMA Accelerated Reward Strategy (FAASt) Consolidated Project Plan List. The proposed amendment does not modify customer rates.

LUMA explains that it proposed use of the amended budget as the baseline for the FY 2026 budget distribution, rather than use the originally approved budget as the baseline, to better align the FY 2026 Provisional budget with its current resource needs and operational priorities.

LUMA explains that it proposed reduction of the Federally Funded Capital Budget to reflect the FAASt Consolidated Project Plan List removal of 224 projects from LUMA's near term plans. LUMA explains that on July 31, 2025,[4] PREPA submitted to the Energy Bureau and COR3, the FAASt Consolidated Project Plan List, that centralizes project submissions for

---

[1] *In re: Puerto Rico Electric Power Authority Rate Review*, Case No. NEPR-AP-2023-0003, https://energia.pr.gov/expedientes/?docket=nepr-ap-2023-0003.

[2] See, Case No. NEPR-AP-2023-0003, *In re: Puerto Rico Electric Power Authority Rate Review*.

[3] See, Case No. NEPR-AP-2023-0003, *In re: Puerto Rico Electric Power Authority Rate Review*.
[4] LUMA states that PREPA submitted the FAASt Consolidated Project List on July 31, 2025. The Energy Bureau received the FAASt Consolidated Project List on August 8, 2025.

remaining FAASt funding that FEMA identified as having an unallocated balance of $3.62 billion. LUMA notes that 323 projects were still being formulated, but only 99 projects that PREPA considered immediately relevant to system stabilization, were included in the list. LUMA also notes that many projects the Energy Bureau previously approved were excluded from the list. LUMA relates that the new process, being enforced by FEMA and COR3, requires all projects to be routed through PREPA.

LUMA states that in the July 3 Rate filing, it submitted a FY 2026 Federally Funded Budget of $901 million, but that the Energy Bureau approved a Federally Funded Capital budget of $1.2 billion, which was the FY 2025 budgetary level. LUMA relates that the revised amount of $718 million Federally Funded Capital Budget it is proposing reflects the best projection of capital investment based on obligated projects and projects included in the FAASt Consolidated Project plan List.

II. Discussion

The Energy Bureau recognizes that the FY 2025 budget, as amended, more accurately reflects LUMA's current priorities and resource needs than the originally approved FY 2025 budget. The amended budget, therefore, is the appropriate baseline from which to allocate LUMA's FY 2026 Provisional Budget, as LUMA indicates was its intent in the July 3 Motion. The amendment LUMA now requests will not affect customer rates. The Energy Bureau finds the proposed amendment to be reasonable.

The Energy Bureau expresses serious concern regarding LUMA's proposal to reduce its Federally Funded Capital Budget based on the FEMA Accelerated Award Strategy (FAASt) Consolidated Project Plan List. LUMA asserts that this reduction is necessary because the list eliminates 224 projects—many of which had already been reviewed and approved by the Energy Bureau—resulting in a substantial and unwarranted decrease in the Federally Funded Capital Budget. LUMA's budget amendment request indicates a significant and concerning potential misalignment in the prioritization of federal funds, which threatens to undermine grid reliability initiatives and place an undue and improper burden on ratepayers. Prudent stewardship of the unprecedented, but finite, federal funds available for the reconstruction of Puerto Rico's electric system requires that these resources be directed first and foremost to projects that have the most immediate and direct impact on the reliability of electric service.

The current approach reflected in LUMA's budget amendment proposal appears to deviate from this fundamental principle. The Energy Bureau reminds LUMA that all projects for which federal funding is pursued, require approval from the Energy Bureau.[5] The Energy Bureau will not allow projects that it has approved and prioritized to be removed from the list of priority projects without full justification for the proposed removal. Similarly, projects that have been identified as high priority and therefore necessary, that have not yet been approved by the Energy Bureau, must not be delayed. LUMA has not shown the necessary level of justification for its request.

III. Conclusion

The Energy Bureau **APPROVES** LUMA's request to amend the FY 2026 Provisional budget to reflect the amended FY 2025 budget as its basis.

The Energy Bureau **DENIES** LUMA's request to reduce its Federally Funded Capital Budget to $718 million and maintains the prior approved amount of $1.2 billion.

The Energy Bureau **DIRECTS** LUMA to pursue the projects that are currently funded by the $1.2 billion in accordance with provisions of Energy Bureau approval and prioritization as the Energy Bureau has established.

[5] The Energy Bureau acts under Act No. 57-2014 and the regulations established pursuant thereto. The Energy Bureau has required prior filing/approval of FEMA-funded projects 30 days before submission to COR3/FEMA (Order of March 26, 2021; applied to LUMA August 20, 2021) and has warned of actions for non-compliance (currently up to $125,000/day; higher for recidivism.

LUMA **SHALL NOT** remove the 224 projects—associated with its proposed funding decrease—from the federal project pipeline. This directive shall remain in effect until LUMA, in coordination with PREPA, submits to the Energy Bureau for its evaluation, a revised and comprehensive FAASt funding prioritization plan. That plan must clearly describe the reliability impacts that the removal of these projects from the FAASt pipeline would have. The Energy Bureau reminds PREPA that LUMA is the T&D Operator.

Furthermore, LUMA and PREPA must demonstrate how the projects listed under the FAASt program align with the immediate reliability objectives established by the Energy Bureau, including, but not limited to, the activities outlined in the Priority Stabilization Plan (PSP).[6]

The Energy Bureau **WARNS** LUMA and PREPA that, in accordance Art. 6.36 of Act 57-2014:[7]

(i) noncompliance with this Resolution and Order, regulations and/or applicable laws may carry the imposition of fines and administrative sanctions from ten thousand dollars ($10,000) up to one hundred twenty-five thousand dollars ($125,000) per day; and

(ii) for any recurrence of non-compliance or violation, the established penalty shall increase to a fine of not less than fifteen thousand dollars ($15,000) nor greater than two hundred fifty thousand dollars ($250,000), at the discretion of the Energy Bureau.

Be it notified and published.

Edison Avilés Deliz
Chairman

Lillian Mateo Santos
Associate Commissioner

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

NEGOCIADO DE ENERGÍA DE PUERTO RICO NEPR JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

[6] *In re Electric System Priority Stabilization Plan*, Case No. NEPR-MI-2024-0005, Resolution and Order (Puerto Rico Energy Bureau Mar. 28, 2025), https://energia.pr.gov/wp-content/uploads/sites/7/2025/04/20250328-MI20240005-Resolution-and-Order.pdf.
[7] Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended ("Act 57-2014").

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on October 24, 2025. Also certify that on October 24, 2025. I have proceeded with the filing of this Resolution and was notified by email to: katiuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katiuska.bolanos-lugo@us.dlapiper.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; sromero@sbgblaw.com, jfr@sbgblaw.com, hrivera@jrsp.pr.gov, Ricardo.pallens@genera-pr.com; rramos@splawpr.com; sromero@sbgblaw.com; legal@genera-pr.com; regulatory@genera-pr.com.

For the record, I sign this in San Juan, Puerto Rico, today October 24, 2025.

Sonia Seda Gaztambide
Clerk

NEGOCIADO DE ENERGÍA
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO
DE PUERTO RICO