LUMA EXHIBIT 76.0

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IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW	**CASE NO.:** NEPR-AP-2023-0003

Surrebuttal Testimony of

Eduardo Balbis
Partner, Guidehouse

November 3, 2025

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Summary of Surrebuttal Testimony of
EDUARDO BALBIS
ON BEHALF OF
LUMA ENERGY LLC AND LUMA ENERGY SERVCO, LLC

Mr. Eduardo Balbis, Partner at Guidehouse, presents this surrebuttal testimony on behalf of LUMA Energy LLC and LUMA Energy ServCo, LLC (collectively, "LUMA") in Case No. NEPR-AP-2023-0003, *In Re: Puerto Rico Electric Power Authority Rate Review*. The purpose of Mr. Balbis' surrebuttal is to address and correct material assertions in the answering testimony of Mr. Jaime L. Sanabria Hernández, submitted on behalf of the Independent Consumer Protection Office ("ICPO"), concerning LUMA's reporting and quantification of operational efficiencies and the incorporation of those efficiencies into just and reasonable rates. Mr. Balbis explains that LUMA has consistently reported efficiency initiatives and performance outcomes across multiple Energy Bureau dockets and reports, and that the current reporting framework provides sufficient transparency and accountability without imposing counterproductive administrative burdens at a time when many programs are necessarily in early-stage implementation.

Mr. Balbis' testimony focuses on four principal areas: the sufficiency of LUMA's existing efficiency reporting; the nexus between efficiencies and revenue requirements; the timing and feasibility of quantifying customer rate impacts from early-phase programs; and the reasonableness of LUMA's waiver request relative to ongoing metrics and reporting.

First, Mr. Balbis disagrees with the claim that LUMA has failed to provide necessary information or quantification of efficiencies. He details the breadth of reporting already provided, including quarterly performance metrics tracking more than 500 measures; annual reports with dedicated efficiency reporting; and program-specific filings covering transition-period energy efficiency and demand response, federal funding execution, and operational progress. These filings present granular insights into operational improvements, cost-saving measures, and performance outcomes that directly benefit ratepayers. Mr. Balbis illustrates that LUMA tracks and reports concrete efficiency progress in areas such as: efficient contracting and FEMA-funded project milestones; collection of past-due accounts (with hundreds of millions of dollars recovered); reduction of technical losses as a percentage of net generation; mitigation of energy theft (including removal of inactive accounts and identification of illegal connections); and meter replacement and remediation programs (with tens of thousands of meters replaced or newly installed). In Mr. Balbis' view, this established reporting framework satisfies the Energy Bureau's directive to quantify efficiencies and demonstrate impact, and a mandate for additional duplicative reporting would impose unnecessary administrative burdens that could detract from implementing the efficiencies themselves.

Second**,** Mr. Balbis agrees with the principle that efficiencies are intended to reduce the utility cost of service and thereby lower revenue requirements. He also explains that certain efficiency initiatives – such as improved collections and theft mitigation – can increase realized revenues by reducing unrecovered costs, which similarly mitigates the need for rate increases.

While efficiencies appropriately inform the ratemaking process, he emphasizes that the proper locus of recognition is through program performance metrics and demonstrated operational outcomes, particularly where full program maturation and steady-state benefits have not yet been reached.

Third, Mr. Balbis agrees in part with the proposition that quantifying efficiency benefits aids just and reasonable ratemaking, but explains that several efficiency efforts remain in pilot or early phases, which preclude precise translation into rate reductions at this time. For example, transition-period energy efficiency and demand response programs are in pilot testing, with the associated quantification scheduled to be incorporated in a forthcoming multi-year planning cycle. In parallel, LUMA continues to report directional progress – such as meter remediation yielding measurable incremental billed revenues per device – while cautioning that program-level rate reductions cannot be responsibly calculated until initiatives achieve sufficient scale, maturity, and data stability. Against that backdrop, Mr. Balbis refutes the assertion that LUMA's failure to quantify savings has increased the revenue requirement, pointing to tangible, tracked benefits in theft mitigation, collections, and metering that already reduce shortfalls and improve cost-effectiveness.

Fourth, Mr. Balbis disagrees with the characterization that LUMA has had ample time to fully quantify and reflect all efficiency savings in rates and therefore should be denied waivers from additional reporting mandates. Mr. Balbis explains that LUMA has made substantial progress in implementing operational efficiencies and has documented those efforts across established reporting channels. Mr. Balbis further notes that LUMA's program portfolio – including substation upgrades, smart meter deployment, pole replacement, grid automation, and other reliability-enhancing initiatives – is multi-year in nature, with defined milestones extending through mid-2026. Requiring additional quantification beyond the existing reports would divert financial and labor resources from implementing the very efficiencies that benefit customers. In Mr. Balbis' view, the waiver request is justified given the maturity of programs, the robust nature of current reporting, and the prudence of focusing resources on execution rather than redundant administrative layers.

I. INTRODUCTION

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

A. My name is Eduardo Balbis. My business address is PO Box 363508, San Juan, Puerto Rico, 00936-3508. I am a Partner at Guidehouse, an international consulting firm with over 18,000 employees. Within Guidehouse, I help lead the firm's Communities, Energy, and Infrastructure segment, which includes a dedicated staff of over 700 employees spanning four continents. Guidehouse provides advisory services to 55 of the largest utilities in North America, with an emphasis on helping utilities strategize for and navigate the energy transition within complex and ever-changing regulatory and policy environments.

Q.2 On whose behalf are you submitting this Surrebuttal Testimony?

A. My surrebuttal testimony is on behalf of LUMA Energy, LLC and LUMA Energy ServCo, LLC (together, "LUMA") as part of the Puerto Rico Energy Bureau's ("PREB" or "Energy Bureau") Case No. NEPR-AP-2023-0003, *In Re: Puerto Rico Electric Power Authority Rate Review* (Rate Review).

Q.3 What is the purpose of your surrebuttal testimony?

A. To respond to a portion of the pre-filed testimony of Mr. Jaime L. Sanabria Hernández ("Mr. Sanabria Hernández") ("Answering Testimony") filed in this proceeding on September 8, 2025, on behalf of the Independent Consumer Protection Office ("OIPC" for its Spanish acronym). Specifically, I am responding to Mr. Sanabria Hernández's statements on efficiencies.

Q.4 Did you consider any documents for your rebuttal testimony?

A. Yes, I did. I reviewed the pre-filed testimony of Mr. Sanabria Hernández. I also reviewed the "Consolidated Transition Period Plan and Demand Response" quarterly report[1] and the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement[2]. I reviewed the following filings in different proceedings before the Energy Bureau:

- Energy Bureau's Resolution and Order dated October 18, 2024, in Case No. NEPR-2019-0007;
- Energy Bureau's Resolution and Order dated May 16, 2025, in Case No. NEPR-2019-0007;
- *Motion Submitting Quarterly Report on System Data for April Through June 2025*, dated June 21, 2025, in Case No. NEPR-2019-0007;
- *Motion Submitting Quarterly Report on System Data for July Through September 2025*, dated October 20, 2025, in Case No. NEPR-2019-0007;
- *Motion Submitting LUMA's Annual Report for Fiscal Year 2023 and Report on Efficiencies*, dated October 30, 2023, in Case No. NEPR-MI-2021-0004
- *Motion Submitting LUMA's Annual Report for Fiscal Year 2024 and Report on Efficiencies*, dated October 28, 2024, in Case No. NEPR-MI-2021-0004;
- *Motion Submitting Quarterly Report on Federal Funding Activities for the Second Quarter of Fiscal Year 2024*, dated February 14, 2024, in Case No. NEPR-MI-2021-0002; and

[1] *See Motion to Submit FY2025 Q4 Consolidated Transition Period Plan and Demand Response Administrative Cost Quarterly Report*, dated August 14, 2025 https://energia.pr.gov/wp-content/uploads/sites/7/2025/08/20250814-MI20220001-Motion-to-Subm-FY2025-Q4-Consolidated-Trans-Period.pdf.

[2] *See* Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement.

- *Motion Submitting Quarterly Report on Federal Funding Activities for the Fourth Quarter of Fiscal Year 2025*, dated August 14, 2025, in Case No. NEPR-MI-2021-0002.

Finally, I also considered all other intervenor testimony submitted as part of this rate case.

II. SURREBUTTAL

Q.5 On page 7, lines 100-104 of the Answering Testimony, Mr. Sanabria Hernández claims that the Energy Bureau's directives show that it has consistently expected LUMA to quantify efficiencies and apply the resulting savings for the benefit of consumers, but there is no necessary information or quantification of efficiencies that are essential for establishing new, just, and reasonable rates. Do you agree?

A. I respectfully disagree with Mr. Sanabria Hernández's argument that there is no necessary information or quantification and support maintaining the current reporting structure to ensure effective development of just and reasonable rates without unnecessary administrative burden. While I acknowledge the Energy Bureau's expectation to quantify efficiencies, LUMA has consistently reported on efficiency-related initiatives across multiple filings, including in Case No. NEPR-MI-2019-0007, where it tracks over 594 performance metrics on a quarterly basis, and in Case No. NEPR-MI-2021-0004, through its Annual Reports and accompanying Reports on Efficiencies. These filings provide detailed insights into operational improvements, cost-saving measures, and performance outcomes that directly benefit ratepayers. LUMA believes that this level of reporting satisfies the Energy Bureau's directive to quantify efficiencies and demonstrate their impact. Additional reporting, such as a fourth quarterly report or further data analyses, would create unnecessary administrative burden and redundancy, diverting resources from the very efficiencies these reports are meant to track. LUMA's existing reports demonstrate measurable progress and financial benefits that result in savings for the benefit of ratepayers. For example, for Efficient Contracting of Services, LUMA recently reported on the number of FEMA-funded projects started or completed, as well as that they have received obligations. For Collecting on Past Due Debt, they state that over $890 million in past due accounts were collected by their Revenue Protection team. With respect to Reducing Line Losses, LUMA reports Technical Losses as a % of Net Generation in its reports. For Mitigating Energy Theft, they report that they have removed the number of inactive accounts by 35% along with at least 50 illegal connections by commercial and industrial customers in the twelve-month period prior to their filing, as well as the percent of automatically-generated leads found to be occurrences of theft. Lastly, for Addressing Missing or Malfunctioning Meters, LUMA reports on its Distribution Meter Replacement and Maintenance Improvement Program, which has been used to replace over 16,900 meters and install more than 14,700 new meters.

Q.6 On page 7, lines 104, and page 8, lines 105-106 of the Answering Testimony, Mr. Sanabria Hernández claims that LUMA's continued failure to provide this data demonstrates a persistent inefficiency that unfairly shifts costs onto consumers. Do you agree?

A. I respectfully disagree with Mr. Sanabria Hernández's statement. LUMA has prioritized long-term strategic actions to build a more reliable and resilient energy system for Puerto Rico, while continuing to respond to outages and repair critical infrastructure across the island. The progress of LUMA's efficiencies is indicated by the "Building a Better Energy Future for Puerto Rico: Progress Dashboard," which highlights both the progress and ongoing nature of a multi-year strategy expected to reach key milestones by June 30, 2026.[3] The current portfolio of improvement projects includes substantial upgrades to substations, the deployment of smart meters, a pole replacement program, and the installation of grid automation devices. All improvement projects are aimed at strengthening the electric grid and improving service quality for customers. By prioritizing projects that reduce generation costs, LUMA can minimize the size and frequency of rate increase requests. As of now, there have been 286 projects initiated, 283 projects with detailed scopes of work, and 187 projects where construction is completed or in progress.[4] Together, these projects reflect LUMA's commitment to building a stronger, smarter, and more resilient energy system for Puerto Rico, with measurable progress already achieved and clear targets set for the coming year.

Q.7 On page 8, lines 115-117 of the Answering Testimony, Mr. Sanabria Hernández states that efficiencies are intended to directly reduce the cost of providing electric service. Do you agree with that statement?

A. I agree with Mr. Sanabria Henandez that efficiencies can be used to directly reduce the cost of providing service. According to the principles of good rate design, efficient operations and investments should lower the overall utility cost of service, thus reducing revenue requirements that would need to be recovered from ratepayers.

Q.8 On page 8, lines 120-122 of the Answering Testimony, Mr. Sanabria Hernández states that by quantifying efficiencies, the Energy Bureau can ensure that rates reflect not

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[3] *See* LUMA's [Progress Dashboard - Progreso - LUMA]

[4] *See* LUMA's [Progress Dashboard - Progreso - LUMA]

only the costs of service but also the savings customers are entitled to receive, thereby guaranteeing just and reasonable rates. Do you agree?

A. I agree in part. Quantifying the benefits of efficiencies can certainly support a just ratemaking effort, but it is not currently possible to translate these benefits into rate reductions, given the infancy of several ongoing efficiency efforts at LUMA. Instead, the ratemaking process can be informed by the performance metrics of ongoing efficiency programs, as detailed in my previous testimony. LUMA has also made dedicated efforts to quantify the benefits of energy efficiency programs in the "Consolidated Transition Period Plan and Demand Response" quarterly report,[5] which indicates progress in LUMA's EE and DR programs, resulting in energy and peak demand savings across various market sectors.

Q.9 On page 9, lines 124-125 of the Answering Testimony, Mr. Sanabria Hernández states that accounting for these efficiencies would have translated into greater revenues for the utility and, consequently, reduced collections required from customers. Do you have a response?

A. The implementation of some efficiencies, such as those related to the collections of past due bills or the mitigation of energy theft, would free up revenue and allow the utility to provide more cost-effective service to customers. However, as previously mentioned, LUMA cannot yet translate the benefits of ongoing efforts to reduced customer collections as many programs are still in their infancy. For example, while LUMA has implemented efficiencies with demonstrated energy and peak demand savings, programs such as those related to demand response and energy efficiency in the Transition Period Plan are in the

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[5] *See* Submission of LUMA's Consolidated Transition Period Plan and Demand Response FY2025 Q4 Report, Augst 14th 2025, Case No. NEPR-MI-2022-0001.

pilot phase and are still being tested. The quantification of these benefits is not scheduled to occur until the development of the Three-Year Plan, which will not be published until 2026.

Q.10 On page 9, lines 126-127 of the Answering Testimony, Mr. Sanabria Hernández states that efficiencies offset costs, and their proper recognition ensures that the revenue requirements reflect the true net cost of service. Do you agree with that statement?

A. Yes. In my original testimony, I demonstrated this point using the example of ratepayers' savings via efficiencies that mitigate energy theft. In this case, the utility can reduce the need for rate increases by generating additional revenue and lowering unrecovered costs after energy theft is mitigated. Benefitting from this efficiency, the utility is no longer required to recoup revenues lost from theft. LUMA has clearly demonstrated the benefits of efficiency programs and has, to the best extent possible at this time, accounted for the benefits in other parts of this rate application.

Q.11 On page 9, lines 127-128 of the Answering Testimony, Mr. Sanabria Hernández poses that by failing to quantify and reflect these savings, LUMA has increased the revenue requirement borne by customers. Do you agree?

A. No. LUMA has not failed to recognize efficiency-related savings; rather, it has actively implemented and reported on a range of operational improvements that reduce costs to improve the grid. These efforts allow LUMA to deliver electrical service more cost-effectively, which helps minimize the size and frequency of rate increase requests. For example, in my previous testimony, I indicated that replacing a single malfunctioning meter can generate over $1,100 in additional annual revenue, directly reducing the revenue shortfall that would otherwise be recovered through higher rates.

While LUMA may not be able to calculate the exact rate reductions attributable to each initiative, efficiencies are already producing tangible financial and operational benefits. For example, LUMA has quantified its progress in replacing over 16,900 meters and installing more than 14,700 new meters, demonstrating that these efforts are not only underway but are being tracked and reported.[6] Therefore, the assertion that LUMA's failure to quantify savings has increased the revenue requirement is not supported by evidence.

Q. 12 On page 9, lines 137-138 of the Answering Testimony, Mr. Sanabria Hernández states that LUMA has had more than sufficient time to quantify these efficiencies, making its waiver request unjustified. Do you agree?

A. No, I do not agree with that characterization. As explained in my testimony, LUMA has made substantial progress in implementing operational efficiencies—such as reducing energy theft, improving revenue collection, and replacing over 16,900 meters. It is premature to calculate direct reductions to customer rates generated by these specific efforts, and providing further analysis would divert focus away from actually implementing efficiencies. LUMA has already demonstrated that these initiatives allow it to furnish electric service more cost-effectively, which ultimately benefits customers through lower rates and improved service quality. Furthermore, LUMA submits quarterly reports on more than 594 performance metrics and provides annual reporting on efficiencies and cost savings. In LUMA's Q4 FY 2025 report[7], LUMA indicated performance metrics such as the length and number of service interruptions have suffered as LUMA has not received

[6] *See Motion Submitting LUMA's Annual Report for Fiscal Year 2024 and Report on Efficiencies*, Exhibit 1, p. 5 at https://energia.pr.gov/wp-content/uploads/sites/7/2024/10/20241028-MI20210004-Motion-Submitting-FY2024-Annual-Report.pdf.

[7] *See* LUMA Quarterly Federal Funding Report as filed in docket No. NEPR-MI-2021-0002.

adequate funding for critical operations. Requiring additional quantification beyond the numerous reporting avenues outlined in this testimony would impose burdensome tracking and data analysis requirements, diverting financial and labor resources away from the very efficiencies being achieved. Therefore, the waiver request is justified given the ongoing nature of these programs and the reporting already in place.

Q.13 Does this complete your testimony?

A. Yes.

ATTESTATION

Affiant, Eduardo Balbis, being first duly sworn, states the following:

The foregoing Surrebuttal Testimony constitutes testimony filed in surrebuttal to the answering testimony of Juan Sanabria Hernández, as filed in the captioned proceeding by Independent Consumer Protection Office ("OIPC" for its Spanish acronym), on September 8, 2025. I would give the answers set forth in the Surrebuttal Testimony if asked the questions that are included in the Surrebuttal Testimony. I further state that the information provided herein is based in part on my personal knowledge, as well as on information provided to me by my staff, and information obtained from relevant documents. The information provided herein is true and correct to the best of my knowledge.

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Eduardo Balbis

Acknowledged and subscribed before me by Eduardo Balbis, in his capacity as Partner of Guidehouse, of legal age, married, and resident of Jupiter, Florida, who has been identified by means of his driver's license with registration number___________ having appeared by means of online notarization.

In Jupiter Florida, this ___ day of November 2025.

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Notary Public