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GOVERNMENT OF 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 **SUBJECT:** LUMA's Motion in Compliance with July 31 Order Regarding Revision of Pension Rider

MOTION ON PENSION RIDER

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

I. Introduction

1. LUMA submits this motion in compliance with the Puerto Rico Energy Bureau's ("Energy Bureau") Resolution and Order dated July 31, 2025 ("July 31 Order"), which directed LUMA to revise the methodology for recovering pension-related costs through a fixed per-customer charge. The July 31 Order established a Provisional Pension Rider based on volumetric charges and instructed LUMA to transition to a fixed-charge structure as soon as feasible. In accordance with this directive, LUMA hereby informs the Energy Bureau of its implementation timeline and methodology for converting the Provisional Pension Rider into a fixed per-customer charge, effective January 1, 2026. This motion outlines the steps LUMA will take to ensure compliance with the July 31 Order and to facilitate the accurate and equitable recovery of pension costs across all customer classes.

II. Procedural Background

2. On July 3, 2025, LUMA filed on behalf of itself, Genera PR LLC ("Genera"), and the Puerto Rico Electric Power Authority ("PREPA"), its *Motion Submitting Rate Review Petition,* an application for permanent rates and provisional rates.

3. For pension costs, PREPA separately sought a FY 2026 amount of $307,475,422 for Fiscal Year 2026. *See PREPA's Motion to Amend Rate Application and Objection to LUMA's Requested Provisional Rate Rider Amount* filed by PREPA on July 11, 2025.

4. On July 31, 2025, the Energy Bureau entered a Resolution and Order with the subject *Establishment of Fiscal Year 2026 Provisional Rates and Fiscal Year 2026 Provisional Budget*. The July 31 Order approved, among other things, the full recovery of the pension costs for the Puerto Rico Electric Power Authority Employee Retirement System, reflecting the requested FY2026 contribution of $307,475,422. Furthermore, the Energy Bureau determined that, at this provisional phase, it accepts PREPA's requested pension cost amount solely for purposes of the pension rider. *See* July 31 Order at Sec. (III)(J)(43), pp. 26–27. The Energy Bureau clarified that this figure is not final and will be revisited during the permanent-rate phase. *Id.* At that time, it will evaluate updated actuarial studies, revised funding schedules, and any applicable cost-mitigation measures. *Id.* Moreover, the ultimate pension obligation may change based on determinations made in the Title III bankruptcy proceeding. *Id.*

5. The Energy Bureau also concluded that the pension cost, as requested by PREPA, should be recovered from customers through a special pension rider, ideally structured as a fixed charge per customer. However, due to constraints in PREPA's billing infrastructure, LUMA was not able to implement a fixed-charge rider by the time the Provisional Rate Rider had to be implemented, which was September 1, 2025. *See id.; see also* Appendix 1, *Attestation of Jessica*

Laird, detailing the reasons why LUMA was unable to create fixed-charge capability in the pension rider by September 1st. Accordingly, for purposes of the Provisional Pension Rider, charges had to be temporarily assessed on a cents/kWh basis. *See id.* at Sec. III(J)(43), pp. 26–27.

6. Given these circumstances, the Energy Bureau directed LUMA to initially recover these pension costs through a per-kWh charge, also known as a volumetric charge. *See* July 31 Order at p. 26. Furthermore, LUMA was instructed to notify the Energy Bureau once it becomes feasible and cost-effective to implement the necessary billing system modifications to transition from a per-kWh charge to a per-customer fixed charge. *See* July 31 Order at p. 27.

7. The key distinction in the Provisional Pension Rider methodology for the volumetric charge lies in how the cost is allocated. Unlike the non-pension rider, these pension-related costs are distributed across all customer sales, with no exceptions. *See* July 31 Order at FN 9, p. 2. As a result, the calculation uses the full, unadjusted sales forecast of 16,022,250,495 kWh, which includes the Lifeline Residential Service, Residential Service for Public Housing, and Residential Fixed Rate for Public Housing customer classes. *Id.* By dividing the pension revenue requirement by this comprehensive sales volume, the resulting rider is $0.019191 per kWh. *Id.* However, the Energy Bureau found that a fairer structure would be a per-customer charge. *Id.* The conventional method for calculating such a charge involves two steps: first, allocating the annual pension cost to all customer categories in proportion to each category's share of the total revenue requirement for base rates; and second, dividing the allocated amount by the number of customers in each category to determine the individual customer charge. *Id.*

8. The Energy Bureau further stated that upon implementation, it will conduct a reconciliation pursuant to Act 57-2014 §6.25(f),[1] retroactive to July 1, 2025. *Id.* This reconciliation will correct underpayments or overpayments by customer category during the per-kWh phase and ensure accurate adjustments on individual customer bills. *Id.* By the end of Fiscal Year 2026, the Energy Bureau will have achieved its objective of ensuring that every customer pays a rider that reflects their fair share of pension costs. *Id.*

9. LUMA submits this motion in compliance with the directives by the Energy Bureau in the July 31 Order regarding the conversion of the Provisional Pension Rider from a volumetric charge to a fixed charge.

III. Compliance Regarding Pension Rider Revision and Implementation

10. LUMA hereby informs the Energy Bureau that it will be feasible to implement the necessary billing system modifications by January 1, 2026, to transition the pension cost recovery from a per-kWh charge to a fixed per-customer charge.

11. The fixed customer charge will be calculated using the methodology outlined by the Energy Bureau. *See, supra* ¶ 7. To determine the applicable charge, LUMA will start by subtracting three months of the current Pension Rider billing historical data (September 2025 through November 2025) and one month of projected data (December 2025) from the approved FY2026 pension cost of $307,475,422 (submitted by PREPA and approved by the Energy Bureau). The resulting balance will be allocated across all applicable customer classes previously approved by the Energy Bureau for the volumetric charge.

[1] Act 57-2014, known as the *Puerto Rico Energy Transformation and RELIEF Act*, PR Laws Ann. Tit. 22 § 1054x(f) (2025), 22 L.P.R.A. § 1054x(f) (2025).

12. For illustrative purposes, **Exhibit 1** presents an example of the Pension Fund Rider fixed charge and its expected variance with the volumetric charge. This example uses two months of historical data (September 2025 and October 2025) and two months of projected data (November 2025 and December 2025). The total amount to be recovered is calculated by subtracting the billed (*i.e.*, September through October) and projected amounts (*i.e.,* November through December) from the approved total FY2026 pension cost, with the remaining balance distributed across all applicable customer classes. Please refer to the "Summary" worksheet of Exhibit 1 for the illustrative fixed Pension Fund Charge assumed to be in effect from January 1, 2026 through June 30, 2026. LUMA presents three scenarios for the fixed per customer charge in this exhibit. Scenario 2 was selected by LUMA as just and reasonable when compared to the actual rates currently paid on average per customer. For a comparison between the current per-kWh charge with the illustrative fixed per-customer charge, please refer to the "Average Consumption" worksheet.

IV. Conclusion

13. LUMA respectfully requests the PREB to approve the methodology presented herein in a timely fashion, so that once the fixed Pension Fund Charge is approved, LUMA can implement the new fixed charge. Note that any significant change to the proposed methodology may delay implementation.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned and **accept** this motion and its Exhibit.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of November, 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@sbgblaw.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; erickay@quinnemanuel.com; ***Co-counsel for the PREPA Ad Hoc Group***, dmonserrate@msglawpr.com; fgierbolini@msglawpr.com; rschell@msglawpr.com; eric.brunstad@dechert.com; Stephen.zide@dechert.com; david.herman@dechert.com; michael.doluisio@dechert.com; stuart.steinberg@dechert.com; ***Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica,*** nancy@emmanuelli.law; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; monica@emmanuelli.law; cristian@emmanuelli.law; lgnq2021@gmail.com; ***Official Committee of Unsecured Creditors of PREPA***, jcasillas@cstlawpr.com; jnieves@cstlawpr.com; ***Solar and Energy Storage Association of Puerto Rico,*** Cfl@mcvpr.com; apc@mcvpr.com; javrua@sesapr.org; mrios@arroyorioslaw.com; ccordero@arroyorioslaw.com; ***Wal-Mart Puerto Rico, Inc.,*** Cfl@mcvpr.com; apc@mcvpr.com***; Solar United Neighbors***, ramonluisnieves@rlnlegal.com; ***Mr. Victor González,*** victorluisgonzalez@yahoo.com; and ***the Energy Bureau's Consultants***, Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; jorge@maxetaenergy.com; rafael@maxetaenergy.com; RSmithLA@aol.com; msdady@gmail.com; mcranston29@gmail.com; dawn.bisdorf@gmail.com; ahopkins@synapse-energy.com; clane@synapse-energy.com; guy@maxetaenergy.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; kbailey@acciongroup.com; hjudd@acciongroup.com; zachary.ming@ethree.com; PREBconsultants@acciongroup.com; carl.pechman@keylogic.com; bernard.neenan@keylogic.com; tara.hamilton@ethree.com; aryeh.goldparker@ethree.com; roger@maxetaenergy.com; Shadi@acciongroup.com; Gerard.Gil@ankura.com; Jorge.SanMiguel@ankura.com; Lucas.Porter@ankura.com; gerardo_cosme@solartekpr.net; jrinconlopez@guidehouse.com; kara.smith@weil.com; varoon.sachdev@whitecase.com; zack.schrieber@cwt.com; Isaac.Stevens@dechert.com; James.Moser@dechert.com; Kayla.Yoon@dechert.com; juan@londoneconomics.com; arrivera@nuenergypr.com; ahopkins@synapse-energy.com.

/s/ Andrea J. Chambers
Andrea J. Chambers
DC Bar no. 405613
Andrea.Chambers@us.dlapiper.com

DLA Piper LLP (US)
500 Eihth Street, NW
Washington, DC 20004
Tel. 202-799-4440

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
TSPR Bar no. 16,266
Margarita.Mercado@us.dlapiper.com

DLA Piper (Puerto Rico) LLC
Calle de la Tanca #500, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9132 / 9103

Exhibit 1

(to be submitted via email)

Moción Sobre *Rider* de Pensión presentada por LUMA Energy LLC y LUMA Energy ServCo, LLC ("LUMA") el 14 de noviembre de 2025

Resumen en español

LUMA presenta esta la Moción sobre *Rider* de Pensión ante el Negociado de Energía de Puerto Rico ("Negociado de Energía") en cumplimiento con la Resolución y Orden emitida el 31 de julio de 2025 ("Orden del 31 de julio"), que requiere revisar la metodología para la recuperación de los costos de pensiones mediante un cargo fijo por cliente. Inicialmente, siguiendo la Orden del 31 de julio de 2025, el *rider* de pensión se implementó como un cargo volumétrico por kilovatio-hora debido a limitaciones técnicas en el sistema de facturación de la Autoridad de Energía Eléctrica ("AEE"), pero la orden exige la transición a un cargo fijo tan pronto como sea factible. LUMA informa que podrá realizar las modificaciones necesarias en el sistema de facturación para aplicar el cargo fijo a partir del 1 de enero de 2026, siguiendo la metodología establecida por el Negociado de Energía. El *rider* volumétrico distribuye los costos de pensiones entre todos los clientes, sin excepciones, utilizando la proyección total de ventas de energía, y el cargo provisional es de $0.019191 por kWh. Para calcular el cargo fijo, se asigna el costo anual de pensiones a cada categoría de clientes según su participación en el ingreso total de tarifas base, y se divide el monto asignado entre los clientes de cada categoría para determinar el cargo individual. Además, se realizará una reconciliación retroactiva al 1 de julio de 2025 para corregir pagos insuficientes o excesivos durante la fase volumétrica, asegurando que cada cliente pague su parte justa del costo de pensiones. LUMA presenta escenarios comparativos entre el cargo volumétrico y el cargo fijo por cliente, seleccionando el escenario que resulta justo y razonable en comparación con el promedio de las tarifas actuales, y solicita al Negociado de Energía que apruebe la metodología propuesta para implementar el nuevo cargo fijo sin demoras.