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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 Revised Motion in Compliance with July 31st Order Regarding Revision of Pension Rider

LUMA'S REVISED MOTION IN COMPLIANCE WITH JULY 31ST ORDER REGARDING REVISION OF 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:

1. 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.

2. On July 31, 2025, the Honorable Puerto Rico Energy Bureau ("Energy Bureau") entered a Resolution and Order with the subject *Establishment of Fiscal Year 2026 Provisional Rates and Fiscal Year 2026 Provisional Budget* ("July 31st Order"). The July 31st 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 31st 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.*

3. 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.* 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.

4. 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 31st 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 31st Order, at p. 27.

5. 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 exception. *See* July 31st 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.*

6. The Energy Bureau further stated that upon implementation, it will conduct a reconciliation pursuant to Act 57-2014, § 6.25(f), 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.*

7. On November 14, 2025, LUMA submitted a *Motion on Pension Rider* ("November 14th Motion"), in compliance with the July 31st Order, which directed LUMA to revise the methodology for recovering pension-related costs through a fixed per-customer charge. In its November 14th Motion, LUMA reported that the necessary billing-system modifications would be complete by January 1st, 2026, set out the methodology for calculating the fixed charge in accordance with the Energy Bureau's two-step allocation formula, and provided illustrative scenarios comparing the existing volumetric rider to the proposed fixed charge. Accordingly, LUMA requested prompt approval of the methodology so that the fixed Pension Fund Charge can be implemented by January 1st, 2026 and reconciled retroactively to July 1st, 2025.

8. Following informal conversations sustained with Energy Bureau consultants, upgraded schedules proposals were discussed with alignment to PREB's methodology and expectations.

9. LUMA hereby submits this Revised Motion with the aim of withdrawing its November 14th Motion and replacing it with an updated submission.

10. For illustrative purposes, Exhibit 1 of the present Revised Motion outlines the extent of the necessary modifications. In sum, the revisions seek to clarify that the conversion of the Pension Fund Rider from a volumetric charge to a fixed monthly charge effective January 1, 2026 will maintain the existing energy-based allocation among customer classes, thereby avoiding any inter-class reconciliation associated with a change in allocation methodology.

11. Moreover, Exhibit 1 also updates the remaining FY2026 amount to be recovered via the Pension Fund Rider as of January 2026 to approximately $208.42 million based on two months of actual (September-October) and two months of forecast (November-December) billing data, and explains the two-step calculation to derive the fixed charge: allocating the remaining amount to customer classes by their FY2026 energy shares and dividing each class allocation by monthly customer counts.

12. In support of all of the above, this Revised Motion includes detailed schedules showing energy and customer-count data, fixed-charge calculations, and comparisons to the current volumetric rider, tariff codes descriptions, and a draft tariff sheet for the Energy Bureau's approval. *See* Exhibits 2 and 3.

13. LUMA respectfully requests that the Energy Bureau approve the revised methodology presented herein in a timely fashion, so that once the fixed Pension Fund Charge is approved, LUMA can implement the new fixed charge.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned; withdraw LUMA's November 14th Motion; and **accept** this Revised Motion and its Exhibits.

RESPECTFULLY SUBMITTED.[1]

[1] On May 9, 2025, this Energy Bureau issued a Resolution and Order, requiring that all substantive English-language filings be accompanied by concise Spanish summaries to enhance public accessibility and participation. See also

In San Juan, Puerto Rico, this 26th 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 Motion 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;

Energy Bureau Resolution and Order of June 4, 2025 (clarifying that full translations are optional but summaries are mandatory). In compliance with the Energy Bureau's standing directives regarding accessibility and ensuring citizen participation, LUMA is hereby submitting the corresponding Spanish-language summary of this Revised Motion. *See* Exhibit 4.

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Exhibit 1

People first. Safety always.

On Friday, November 14, 2025, LUMA filed a *Motion on Pension Rider* ("November 14th Motion") in compliance with the Resolution and Order, issued on July 31, 2025 ("July 31st Order"), requiring LUMA to convert the Pension Fund Rider from an energy charge to a fixed monthly charge. The new fixed charge will take effect January 1, 2026. This filing withdraws the November 14th Motion, replacing it with an updated submission. In its initial filing, LUMA interpreted that the methodology established in the Puerto Rico Energy Bureau's (PREB) July 31 Resolution and Order was consistent with the revenue requirement framework, using it as basis for determining base revenues. However, following informal discussions with PREB consultants, LUMA revised its interpretation and approach. The updated proposal involves allocating the fixed revenue requirement across each tariff category in accordance with the projected consumption distribution for fiscal year 2026. The resulting consumption-based allocation by tariff is aligned with the revenue requirement filing submitted as part of the ongoing rate review proceeding.

The current Pension Fund Rider collects the authorized pension costs of $307,475,000 via a $0.019191 per kilowatt-hour charge applied to all consumption sales.[1] The current rider allocates the costs on an energy basis among the customer classes. LUMA proposes to convert this energy charge to a fixed charge in a way that maintains the status quo for current allocation among customer classes.

Based on two months of actual and two months of forecast information regarding the amounts billed under the rider thus far in September and October and forecasts for November and December, there will be approximately $208,420,000 that remains to be collected in this fiscal year via the Pension Fund Rider as of January 2026. Converting this amount to a fixed charge is a two step-process. First, the total amount is allocated to each customer class based on their

[1] *See* July 31st Order, at p. 2.

energy share from the FY2026 test year. Second, the class allocation is divided by the number of monthly customers in the test year to calculate the proposed rate.

Maintaining the energy allocation among customer classes is important for two reasons. First, it protects the smaller customer classes, such as residential and GSS, from extreme increases in pension costs. These customer classes have the vast majority of customers (98.9 percent); therefore, a strictly customer-based allocation would unfairly shift collection of almost all the pension costs to these customers. An energy allocation more evenly distributes the pension costs among all the customer classes. Second, since the Energy Bureau originally used an energy allocation in establishing the Pension Fund Rider, maintaining that allocation removes the need for a reconciliation by classes because there will be no change to how pension costs are assigned among the customer classes.[2]

The exhibit attached to this filing contains three schedules. The first schedule contains data related to energy consumption amounts and customer counts for the customer classes. The second schedule shows the calculations to develop the fixed charge for each customer class. Finally, the third schedule shows how the fixed charge compares to the volumetric charge for

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[2] *Id.,* at p. 27. Therein, the Energy Bureau provided as follows:

> While LUMA has no choice now but to begin the pension rider with a per-kWh charge, we require LUMA to convert the charge into a per-customer charge at the earliest possible date, taking into account the complexities described by Ms. Laird in the Appendix along with the statutory requirement of cost-effectiveness. We require LUMA to inform the Energy Bureau immediately when the conversion becomes feasible, so that we can order without delay any implementation that we then deem necessary. Once that implementation is in place, we will require the reconciliation authorized by Act 57, section 6.25(f). That reconciliation will apply back to July 1, 2025. As a result, the Energy Bureau will be able to (a) *correct each customer category's underpayment or overpayment for the time period during which the per-kWh charge was in effect*, and (b) choose the most accurate method of reflecting those corrections on individual customers' bills. (emphasis supplied).

the average customer in each tariff. This data is split into more discrete customer populations because it is taken directly from the Utility's billing system.

This filing also includes the draft tariff sheet with redline for approval by the Energy Bureau. LUMA requests that the Energy Bureau approve the tariff sheet with an effective date of January 1, 2026.

Exhibit 2

(*Schedules to be submitted via email*)

Exhibit 3

PENSION FUNDING RIDER

DESIGNATION:

PFR

AVAILABLE:

Everywhere in Puerto Rico.

APPLICABLE:

The PFR charge shall apply to all customers taking service on the base service tariffs. The Pension Fund Rider is a temporary rate that reflects the PREPA pension fund collection of a revenue requirement currently under consideration by the Puerto Rico Energy Bureau in a general rate case.

CHARGES:

These rates will be charged to all customers taking service under the applicable tariffs.

Provisional Rate:

GRS:	$10.89	per month
LRS:	$7.90	per month
RH3:	$8.93	per month
GSS:	$44.42	per month
GSP:	$790.81	per month
TOU-P:	$13,627.27	per month
GST:	$9,646.95	per month
TOU-T:	$43,391.53	per month
LIS:	$145,731.86	per month
PPBB:	$4,986.13	per month
CATV:	$771.06	per month
USSL:	$0.50	per month
LP-13:	$304.05	per month
PLG:	$21.16	per month
GAS:	$48.04	per month

PENSION FUNDING RIDER

DESIGNATION:

PFR

AVAILABLE:

Everywhere in Puerto Rico.

APPLICABLE:

The ~~PRF~~ PFR charge shall apply to all ~~energy delivered to~~ customers taking service on the base service tariffs. The Pension Fund Rider is a temporary rate that reflects the PREPA pension fund collection of a revenue requirement currently under consideration by the Puerto Rico Energy Bureau in a general rate case.

CHARGES:

These rates will be charged ~~for all kilowatt-hours~~ to all customers taking service under the applicable tariffs.

Provisional Rate:

~~$0.019191 per kWh~~

GRS:	$10.89	per month
LRS:	$7.90	per month
RH3:	$8.93	per month
GSS:	$44.42	per month
GSP:	$790.81	per month
TOU-P:	$13,627.27	per month
GST:	$9,646.95	per month
TOU-T:	$43,391.53	per month
LIS:	$145,731.86	per month
PPBB:	$4,986.13	per month
CATV:	$771.06	per month
USSL:	$0.50	per month
LP-13:	$304.05	per month
PLG:	$21.16	per month
GAS:	$48.04	per month

PREB Authorization: Docket NEPR-AP-2023-003; order issued ~~July 31, 2025~~
Issued Date: ~~August 6, 2025~~
Effective Date: ~~September 1, 2025~~ January 1, 2026

Exhibit 4

Moción Revisada sobre la Cláusula de Pensiones

presentada por LUMA Energy, LLC, and LUMA Energy ServCo, LLC

El 14 de noviembre de 2025, LUMA presentó una *Moción sobre la Cláusula de Pensiones* ("Moción del 14 de noviembre"), en cumplimiento con la Resolución y Orden emitida por el Negociado de Energía, 31 de julio, que ordenaba a LUMA revisar la metodología para recuperar los costos de pensiones para el Sistema de Retiro de Empleados de la Autoridad de Energía Eléctrica de Puerto Rico costes, mediante un cargo fijo por cliente. En su Moción del 14 de noviembre, LUMA informó que las modificaciones necesarias al sistema de facturación estarían completadas antes del 1 de enero de 2026, estableció la metodología para calcular el cargo fijo conforme a la fórmula de asignación en dos pasos del Negociado de Energía y proporcionó escenarios ilustrativos comparando la cláusula volumétrica existente con el cargo fijo propuesto. En consecuencia, LUMA solicitó la aprobación rápida de la metodología para que el cargo fijo del fondo de pensiones pueda implementarse antes del 1 de enero de 2026 y reconciliarse retroactivamente al 1 de julio de 2025.

Tras conversaciones informales mantenidas con consultores del Negociado de Energía, LUMA presenta esta Moción Revisada con el objetivo de retirar su Moción del 14 de noviembre y reemplazarla por una radicación corregida y completa.

En resumen, las revisiones buscan aclarar que la conversión de la cláusula del fondo de pensiones de un cargo volumétrico a un cargo mensual fijo con efecto a partir del 1 de enero de 2026 mantendrá la asignación energética existente entre las clases de clientes, evitando así cualquier conciliación entre clases asociada a un cambio en la metodología de asignación.

Además, esta Moción Revisada actualiza la cantidad restante del año fiscal 2026 que se recuperará mediante la cláusula del fondo de pensiones a enero de 2026 a aproximadamente 208,42 millones de dólares basados en dos meses de datos reales (septiembre-octubre) y dos meses de previsión (noviembre-diciembre), y explica el cálculo en dos pasos para derivar el cargo fijo: asignar el importe restante a las clases de clientes por sus acciones energéticas del año fiscal 2026 y dividir cada asignación de clase por el número mensual de clientes.

En apoyo de todo lo anterior, esta Moción Revisada incluye un documento Excel detallado en apoyo y un borrador de hoja tarifaria para la aprobación del Negociado de Energía