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PERMANENT RATE

NEPR-MI-2020-0001

Annex A

NEPR

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Response: RFI-LUMA-MI-2020-0001-20260318-PREB-LUMA-1.19

SUBJECT

ASAP Program Costs

REQUEST

1.19 Refer to the public version of 20260316 MI20200001 Exhibit 1_ASAP Redacted, which is LUMA's Exhibit 1 relating to LUMA's Accelerated Storage Addition Program ("ASAP") costs. Refer to Table 0-2, reproduced below for ease of reference:

Table 0-2. ASAP Forecast Program Implementation Costs

Forecast Cost per Month	Legal	Consultant ¹⁷	Total
March	<i>This month will be reconciled in the next Quarterly Report</i>		
April	\$100,000	\$300,000	\$400,000
May	\$100,000	\$300,000	\$400,000
June	\$100,000	\$200,000	\$300,000

- a. Show how LUMA derived its projected legal costs of \$100,000 per month for each month, April through June 2026.
- b. Please confirm that for the period January 2025 through February 2026, LUMA has never had monthly invoiced legal costs of \$100,000 or more for the ASAP program. If this cannot be confirmed, explain why not and identify any months in the period January 2025 through February 2026 in which LUMA had invoiced legal costs for ASAP of \$100,000 or more.
- c. Please confirm that LUMA's monthly invoiced legal costs for ASAP were below \$100,000 in each month in the period January 2025 through February 2026.
- d. What were LUMA's average monthly invoiced legal costs for ASAP in the 14 month period from January 2025 through February 2026?

Footnote 17 to LUMA's Table 0-2 states as follows:

¹⁷ This column includes the line items "Consultant", "Other" and "Contingency" in Table 3 of the Exhibit 3 submitted with LUMA's Motion to Submit ASAP Program Implementation Plan and Associated Documents, Request for Approval of ASAP Cost Recovery Mechanism, and Request for Confidential Treatment, Docket No. NEPR-MI-2024-0002, filed with the Energy Bureau on February 28, 2025.

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- e. Please provide a breakout of the LUMA proposed ASAP “Consultant” amounts for the three months showing the amounts in each category: (1) Consultant, (2) Other and (3) Contingency.
- f. Please explain any amounts budgeted by LUMA for these months in the Other and Contingency categories.

RESPONSE

- a. LUMA derived the projected legal costs of \$100,000 per month for April through June 2026 by reviewing the historical level of legal effort required for the negotiation and execution of utility-scale interconnection agreements. As part of last year’s budget extension preparation, LUMA analyzed past interactions between developers and legal firms, which consistently required over 20 hours per developer for negotiations, document revisions, and back-and-forth communications. Using this historical effort as the baseline, and considering that 10 developers are expected to enter negotiations in the next quarter, LUMA applied the same cost structure used in previous cycles. This resulted in a projected monthly requirement of approximately \$100,000.
- b. Yes, it is correct that monthly invoiced legal costs for the Accelerated Storage Addition Program (ASAP) were below \$100,000 in each month in the period January 2025 through February 2026.

However, as LUMA informed in the “Motion to Request Extension of ASAP Budget to Calendar Year 2026”, submitted on December 22, 2025, in case number NEPR-MI-2024-0002, for various reasons explained in that motion, a significant portion of the expenses that LUMA anticipated to incur in Calendar Year 2025 were not incurred due to delays in the implementation of ASAP. As a result of these unanticipated delays, certain activities contemplated for completion by the end of Calendar Year 2025 had not yet been conducted or completed, including, among others, the final approval by PREPA and/or FOMB of the Standard Offer Phase 1 (“SO1”) Agreements approved by the Energy Bureau; the completion of the System Impact Studies for Phase 1 projects; the completion of Facility Studies and System Impact Studies for Phase 2 projects; the finalization of the Agreed Operating Procedures (“AOP”), and other support documents for the Phase I participants; the negotiation, approval and execution of the Interconnection Agreements with developers of SO1 Agreements; the negotiation, approval and execution of Standard Offer Phase 2 (“SO2”) Agreements; the negotiation and finalization of Phase 2 AOPs; and the negotiation and execution of Phase 2 Interconnection Agreements.

When LUMA submitted its budget for Calendar Year 2026, LUMA reasonably anticipated that approval and execution of the Phase I Standard Offer Agreements was imminent and that the pending studies would be completed in the first few months of Calendar Year 2026. Hence, LUMA reasonably anticipated that during the first half of Calendar Year 2026 it would be engaged in the concurrent negotiation of multiple Phase I interconnection agreements; the negotiation to finalize the AOP with SO I participants; the negotiation of the Phase II Standard Offer Agreements with multiple Phase 2 participants and related negotiation and finalization of AOPs; and negotiation and execution of Interconnection Agreements with multiple Phase 2 participants. In sum, LUMA reasonably estimated significant legal costs going forward for the contemporaneous and sequential negotiation of several agreements and documents with multiple developers. The estimate of \$100,000 for legal costs is consistent with the costs incurred in the

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development, negotiation, and execution of other large generator interconnection agreements (i.e., Tranche 1), which required approximately 20 hours per developer (10 developers).

- c. Yes, LUMA confirms that monthly invoiced legal costs for ASAP were below \$100,000 in each month in the period January 2025 through February 2026. December 2025 closed at \$93,693, which was closely aligned with the forecasted costs.
- d. LUMA's average monthly invoiced legal costs for ASAP from January 2025 through February 2026 were \$10,325.
- e. Please see below the table of the breakout of the LUMA proposed ASAP "Consultant" amounts for the three months, showing the amounts in each category.

Month	Legal	Consultant	Other	Contingency	Total
Apr-26	\$ 100,000	\$ 300,000	\$ -	\$ -	\$ 400,000
May-26	\$ 100,000	\$ 300,000	\$ -	\$ -	\$ 400,000
Jun-26	\$ 100,000	\$ 200,000	\$ -	\$ -	\$ 300,000

- f. References to the terms "other" and "contingency" are included to make terminology and categorizations consistent with previous filings. For the three months of April 2026 through June 2026 covered under the permanent rate filing, there are no forecasted expenditures for "other" and "contingency", all expenditures will be for either legal or consultant.

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NEPR-MI-2020-0001

Response: RFI-LUMA-MI-2020-0001-20260318-PREB-LUMA-1.24

SUBJECT

Natural Gas Shortfall

REQUEST

1.24. During December 2025, January 2026, and February 2026 were there any shortfalls in nominated/contracted natural gas deliveries? If so, what was the dollar impact on fuel cost in each month, December 2025, January 2026, and February 2026 due to the reduced natural gas deliveries, such as but not limited to creating a need for increased reliance on diesel-fueled related peaking units to compensate for the lack of natural gas fueled generation? Explain fully and provide all related analysis and calculations of the related fuel cost impacts for each month.

RESPONSE

Based on the fuel reports provided by Genera to LUMA, there was no shortfall in nominated (Liquefied Natural Gas) LNG deliveries during December 2025 and January 2026. In February 2026, the fuel report indicated an amount of \$6,881,024.35 under Seller Shortfall Credit Q Naturgy at Costa Sur with no quantity of Barrels/BOE provided. However, during the month of February 2026 the fuel cost of Naturgy NG fuel at Costa Sur was \$88.7/BBL, higher than the \$73.6/BBL fuel cost of Residual fuel which is the backup fuel used at the Costa Sur facility. Since the backup fuel that would be used in the event of a shortfall was of lower cost, there is no associated incremental cost with a potential LNG shortfall at Costa Sur.