

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

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**IN RE: REVIEW OF LUMA’S INITIAL
BUDGETS**

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Submit Fiscal Year
2026 Second Provisional Budget Amendment

**MOTION TO SUBMIT FISCAL YEAR 2026 SECOND
PROVISIONAL BUDGET AMENDMENT**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as “LUMA”) and respectfully state and request the following:

I. Introduction

LUMA respectfully submits this motion to amend the Fiscal Year 2026 T&D Provisional Budget. This motion is filed pursuant to the regulatory framework governing budget amendments established by this Puerto Rico Energy Bureau (“Energy Bureau”), and consistent with the directives issued in the ongoing rate and budget proceedings applicable to the electric system.

Through this Second Budget Amendment, LUMA seeks authorization to amend the Fiscal Year 2026 Transmission and Distribution (“T&D”) Provisional Budget to reflect updated federal funding availability, project execution realities, and evolving system reliability priorities. Specifically, the proposed amendment requests approval to reallocate approximately \$58.9 million, representing the net effect of transfers across various portfolios, of previously approved budget, in order to reinvest these funds in infrastructure and reliability projects, including projects aligned with the Priority Stabilization Plan (“PSP”).,

Importantly, the reallocation requested herein does not propose any modification to customer rates, nor does it seek a temporary rate adjustment or any change to LUMA's approved revenue requirement. If approved as submitted, the proposed reapportionment will not result in increased bills for customers. Instead, customers will benefit from the strategic reinvestment of already-approved funds into executable projects that address immediate safety, reliability, and operational risks across the transmission and distribution system, consistent with the Energy Bureau's prior orders and public policy objectives.

This filing is further informed by, and aligned with, the Energy Bureau's recent determinations concerning the FEMA Consolidated Project Plan and FAASt settlement, which recognized the material impacts of federal funding allocation decisions on LUMA's T&D project portfolio. The proposed Second Budget Amendment advances those same principles by ensuring that the FY2026 T&D Provisional Budget remains aligned with executable work, federal funding availability, and the Energy Bureau's reliability and consumer-protection mandates.

II. Procedural Background

1. On June 20, 2025, the Energy Bureau issued a Resolution and Order in the case of caption establishing Temporary Default Budgets for Fiscal Year 2026. The only adjustments permitted were for contractually indexed operator service fees, while all other expenditure categories were proportionally reduced. The Energy Bureau emphasized that these temporary budgets would remain in effect only until superseded by provisional or final rates issued in the rate review proceeding.

2. On July 3, 2025, LUMA, on behalf of itself, Genera PR LLC and the Puerto Rico Electric Power Authority ("PREPA"), submitted an application for permanent and provisional rates in Case No. NEPR-AP-2023-004, In Re: Puerto Rico Electric Power Rate Review. As part

of that filing, LUMA included the Fiscal Year 2026 Budget, which was prepared in accordance with various directives issued by the Energy Bureau, including the Orders entered on February 12 and April 21, 2025, in Case No. NEPR-AP-2023-0003.

3. On July 31, 2025, the Energy Bureau issued a Resolution and Order in Case No. NEPR-AP-2023-0003 (“July 31 Order”), establishing the Fiscal Year 2026 Provisional Budget for the Electric System. From this system-wide budget, LUMA, as the operator of the transmission and distribution system, administers the portion allocated to GridCo, referred to as the Fiscal Year 2026 T&D Provisional Operating Budget. See July 31 Order, p. 41.

4. 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.

5. The proposed amendment did not ask to modify customer rates.

6. On October 24, 2025, the Energy Bureau entered a Resolution and Order with the following directives:

- Approving LUMA’s request to amend the FY 2026 Provisional budget to reflect the amended FY 2025 budget as its basis.
- Denying LUMA’s request to reduce the Federally Funded Capital Budget to \$718 million, thus maintaining the prior approved amount of \$1.2 billion. LUMA was

further ordered 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.

- Directing LUMA to, in coordination with PREPA, submit to the Energy Bureau for its evaluation, a revised and comprehensive FAASSt Consolidated Project Plan. LUMA and PREPA must demonstrate how the projects listed under the FAASSt 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).

7. On February 5, 2026, the Energy Bureau issued a Resolution and Order in Case No. NEPR-MI-2021-0002 (“February 5 Order”), addressing the FEMA Consolidated Project Plan and FAASSt Settlement and establishing an Updated Allocation Framework to address the material impacts of the Consolidated Project List on Transmission and Distribution projects under LUMA’s responsibility. The Energy Bureau expressly recognized that the Consolidated Project List disproportionately affected LUMA’s portfolio, reducing the number of active T&D projects and leaving a significant number of projects inactive with substantial incurred costs. Based on detailed asset-level validation, prioritization analyses, and reconciliation strategies submitted by LUMA, the Energy Bureau identified a subset of priority inactive T&D projects for initial reactivation and ordered LUMA to undertake reconciliation efforts related to potential duplication of funding and mitigation components, with the objective of maximizing federal funding and preventing unreimbursed expenditures.

8. Subsequently, on February 11, 2026 (“February 6 Order”), the Energy Bureau refined the implementation of the February 5 Order by modifying Attachment A to further

prioritize projects with higher levels of incurred costs, thereby reducing the risk of stranded expenditures and facilitating orderly project advancement. The Energy Bureau expressly clarified that this action constituted an administrative refinement and did not reopen or alter the allocation principles, reconciliation obligations, or compliance requirements previously imposed on LUMA. The February 11 Order reaffirmed that implementation of the Updated Allocation Framework would continue as directed.

III. Request to Amend the Fiscal Year 2026 T&D Provisional Budget

9. In accordance with the regulatory requirements established by the Honorable Energy Bureau, LUMA respectfully submits this request to amend the FY2026 T&D Provisional Budget to reflect updated funding availability, project execution realities, and system reliability priorities, as set forth in the FY2026 Second Budget Amendment. *See Annex A.*

10. The proposed amendment does not constitute, and should not be construed as, a request for a temporary rate adjustment, temporary rate, or rate modification under Section 6.25 of the Puerto Rico Energy Transformation and RELIEF Act, Act No. 57-2014, as amended. The amendment does not modify LUMA's approved revenue requirement or the allocation of budgets included in base rates. Accordingly, LUMA is not requesting any increase or change to customer rates as part of this filing.

11. As approved by the Energy Bureau in its July 31, 2025 Resolution and Order, the FY2026 Provisional Budget included \$45.6 million for projects identified under the PSP, subject to the express condition that any overlap with subsequently awarded federal funding would require the return of such funds to ratepayers. *See July 31 Order at p. 19.*

12. Since approval of the Provisional Budget, LUMA has secured significant federal funding, including a \$128.5 million grant awarded by the United States Department of Energy

(“DOE”), of which \$45.3 million is designated for FY2026, as well as additional obligated FEMA funds. As a result, \$27.3 million of PSP-related expenditures originally included in the Provisional Budget are now supported by federal funding sources rather than ratepayer funds.

13. In addition, further PSP-related funds are available for reallocation due to timing and execution constraints on certain projects, including land acquisition associated with battery energy storage system projects that remain inactive in FEMA’s Grants Portal, and transmission underground work whose execution has shifted into the next fiscal year due to procurement lead times. Consistent with sound budgeting and execution principles, the proposed amendment seeks authorization to reinvest these available funds in high-priority infrastructure programs that address immediate safety, reliability, and operational risks and to cover the 1% cost share requirement under the DOE grant, ensuring full access to the federal award.

14. The requested reinvestment will support, among other things: (a) substation reliability and stabilization work, including transformer replacements and associated protection and control upgrades at critical substations; (b) transmission pole, conductor, and telecommunications infrastructure repairs on high-risk 38 kV and 115 kV corridors serving over 100,000 customers; and (c) distribution system repairs, including replacement of over 1,000 high-risk poles and deteriorated conductor components identified through recent system assessments. These projects deliver immediate system benefits, reduce outage risk, and enhance grid resilience.

15. Approval of this amendment will allow LUMA to maximize the impact of availability of federal funding, align the FY2026 budget with executable work, and address critical reliability gaps without increasing costs to ratepayers. The requested action reflects the successful

transition of PSP projects to federal funding sources, and supports the continued modernization and stabilization of Puerto Rico's electric grid.

WHEREFORE, LUMA respectfully requests that the Energy Bureau take notice of the aforementioned and approve and amend the Fiscal Year 2026 T&D Provisional Budget as requested by LUMA.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, this 25th day of March, 2026.



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/s/ Katuska Bolaños Lugo

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CERTIFICATE OF SERVICE

I hereby certify that on this date I filed the foregoing Motion using the electronic filing system of the Puerto Rico Energy Bureau and that I have served electronic copies of the same upon the following:

Puerto Rico Electric Power Authority, through:
Alexis Rivera (Alexis.Rivera@prepa.pr.gov);
Mirelis Valle Cancel (mvalle@gmlex.net);
Natalia Zayas (nzayas@gmlex.net);
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Genera PR LLC, through:
Jorge Fernández-Reboredo (jfr@sbgblaw.com);
legal@genera-pr.com;
regulatory@genera-pr.com;

In San Juan, Puerto Rico, this 25th day of March 2026.

/s/ Katuska Bolaños Lugo
Katuska Bolaños Lugo

Annex A