

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

IN RE: LUMA INITIAL BUDGETS AND
RELATED TERMS OF SERVICE

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Presentation of the FY2026
Budgets, Amendment of the FY2027
Budget, Establishment of LUMA and
Genera Contingency Accounts, and
Disposition of Genera's June 9 Motion

RESOLUTION AND ORDER

I. Relevant Background

On April 15, 2026, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau") issued the Final Resolution and Order on Electricity Rates in Case No. NEPR-AP-2023-0003 (the "Final Rate Order"). Among other determinations, the Final Rate Order found that the Fiscal Year 2026 ("FY26") reconciliation amount of \$98,747,153¹ (FY 26 Reconciliation Amount") represented revenues associated with FY26 system needs that were not received during FY26 and therefore would constitute a surplus to the fiscal year 2027 ("FY27") revenue requirement if collected during FY27. The Final Rate Order further recognized that, as a result, certain projects, activities, and expenditures that otherwise would have been undertaken during FY26 were not carried out.² Accordingly, the Energy Bureau directed LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), Genera PR, LLC ("Genera"), and the Puerto Rico Electric Power Authority ("PREPA") to submit a joint amendment to the FY27 Budget describing the proposed use of such funds during FY27 (the "Joint Reconciliation Plan Amendment").³

II. Proposed Joint Reconciliation Plan Amendment

On May 20, 2026, LUMA filed a document titled LUMA's Submission of Joint Reconciliation Plan Amendment in Compliance with Final Rate Order ("May 20 Motion"), through which LUMA submitted the Joint Reconciliation Plan Amendment. In such filing, the parties proposed allocating the reconciliation amount of \$98,641,949 among various recipients and purposes, including allocating approximately sixty-two percent (62%) to LUMA, sixteen percent (16%) to Genera, and three percent (3%) to PREPA, with the remaining balance assigned to other system-related requirements and adjustments contemplated under the proposed reconciliation framework.⁴ The allocation methodology reflected in the filing was developed by the parties based on their own proposed approach and was not specifically prescribed by the Final Rate Order.⁵

On May 27, 2026, the Energy Bureau issued a Resolution and Order ("May 27 Resolution"), through which, the Energy Bureau required LUMA, Genera and PREPA to provide additional information for the Energy Bureau's review of the Joint Reconciliation Plan Amendment. On June 9, 2026, LUMA, Genera and PREPA submitted responses to the Requirement of Information issued by the Energy Bureau in the May 27 Resolution.

¹ Although the Final Rate Order contains a reference to a FY26 reconciliation amount of \$98,641,949, the context of the Final Rate Order as a whole makes clear that the applicable FY26 Total Reconciliation Amount is **\$98,747,153**. The former figure appears to be an inadvertent typographical error and does not affect the substantive directive of the Final Rate Order.

² Final Rate Order, Chapter Two, Part VIII.C, p. 7.

³ *Id.*

⁴ May 20 Motion ¶ 5; FY2027 Joint Reconciliation Plan Amendment.

⁵ The Joint Reconciliation Plan Amendment was attached as Exhibit 1 to the May 20 Motion.



As part of the Joint Reconciliation Plan Amendment, LUMA, Genera, and PREPA each proposed the use of their respective allocated portions of the reconciliation amount for projects, programs, activities, and expenditures that they contend are consistent with the purposes contemplated by the Final Rate Order. Given the approach adopted in this Resolution and Order, the Energy Bureau does not, at this time, evaluate the merits, prudence, or necessity of any particular proposed expenditure.

III. Discussion

A. FY 27 Partial Budget Amendment and Contingency Reserve Accounts

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The Energy Bureau recognizes that the Final Rate Order provided general guidance regarding the anticipated use of the FY26 Reconciliation Amount. The Final Rate Order explained that the reconciliation amount reflected revenues associated with FY26 system needs that were not received during that fiscal year and that, if collected during FY27, such revenues would constitute a surplus to the FY27 revenue requirement. The Final Rate Order further expressed the expectation that certain projects, activities, and expenditures that might have been undertaken during FY26 could not be carried out as a result. Consistent with that understanding, the Final Rate Order directed the utilities to submit a Joint Reconciliation Plan Amendment identifying proposed uses for such funds during FY27, but it did not prescribe any allocation methodology or specific projects to be funded.

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The Energy Bureau notes that, in establishing the Fiscal Year 2026 Provisional Rates and Provisional Budget, it previously considered the need for funding mechanisms to address extraordinary events affecting the electric system.⁶ Although the Energy Bureau declined to fund the operation and maintenance agreements (OMAs) reserve accounts proposed by LUMA and Genera, it established a system-wide Emergency Reserve Account ("ERA"), funded at \$20 million (subsequently clarified to be \$15 million), to address emergency circumstances affecting system operations. While the Energy Bureau did not fund that account, or a similar account, in the Final Rate Order, the ERA nevertheless reflects the Energy Bureau's prior recognition that the electric system may require access to dedicated contingency resources to respond to extraordinary events and operational emergencies.

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Having undertaken a comprehensive review of the proposals submitted by LUMA, Genera, and PREPA, as well as the operational conditions and needs of the Puerto Rico Electric System, the Energy Bureau concludes that the most prudent and beneficial use of a substantial portion of the FY26 Reconciliation Amount is the establishment of contingency funding mechanisms for the electric service companies. Experience has demonstrated that the electric system is exposed not only to hurricane-related and severe weather events, but also to other extraordinary, unexpected operational, infrastructure, and reliability events that may require the prompt deployment of significant resources. In many instances, the costs associated with such events may not be immediately recoverable through insurance proceeds, federal assistance programs, or other external funding sources.

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The Energy Bureau further finds that maintaining readily available contingency funding enhances system preparedness, operational resilience, and the ability of the electric service companies to respond expeditiously to events that may threaten the continuity, reliability, and safety of electric service, thereby protecting the public interest and helping ensure the continued availability of essential electric service to the people of Puerto Rico. Given the essential nature of the services provided by the Puerto Rico Electric System, and consistent with the Energy Bureau's prior recognition of the need for contingency resources, the establishment of contingency reserve accounts represents a reasonable and prudent use of the FY26 Reconciliation Amount and is consistent with the overall objectives reflected in the Final Rate Order. Accordingly, the Energy Bureau hereby establishes a contingency reserve account for each of LUMA and Genera in the amount of \$30 million, and a contingency reserve

⁶ See Resolution and Order dated July 1, 2025 and Resolution and Order dated September 10, 2025, issued in case *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No.: NEPR-AP-2023-0003.



account for PREPA in the amount of \$1 million (collectively referred to a Contingency Reserve Accounts").⁷

Use of the Contingency Reserve Accounts shall be limited to expenditures incurred in response to extraordinary events, force majeure events, major weather-related events, catastrophic equipment failures, significant unplanned outages, or other unforeseen circumstances requiring urgent corrective action to prevent, mitigate, respond to, or recover from material disruptions to electric service or electric system operations. The Contingency Reserve Accounts may further be used for expenditures necessary to address imminent threats arising from extraordinary or unforeseen circumstances that pose a substantial risk of widespread service disruption, significant damage to critical electric infrastructure, or material risks to public safety, and that require immediate corrective action.

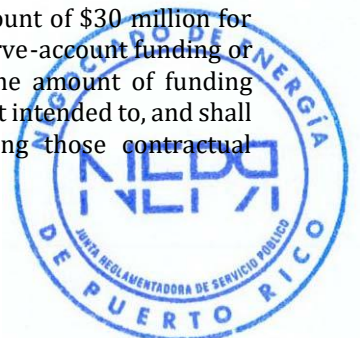
In making this determination, the Energy Bureau is mindful of the unique condition of the Puerto Rico Electric System. The system continues to operate under circumstances that differ materially from those of a fully remediated electric utility, including significant infrastructure challenges, aging assets, and ongoing efforts to improve system performance and resilience. Accordingly, the Energy Bureau recognizes that the assessment of what constitutes an extraordinary event or circumstance requiring urgent corrective action must be made in light of the present condition of the electric system and the operational realities faced by the electric service companies.

The Contingency Reserve Accounts are intended to serve as funding mechanisms of last resort. Accordingly, expenditures shall not be charged to such accounts to the extent the applicable entity reasonably could have addressed the expenditure through existing budgeted resources or through other funding sources that were available and capable of being timely accessed under the circumstances. The use of a Contingency Reserve Account shall not relieve any entity of its obligation to pursue available insurance proceeds, federal funding, disaster-recovery funding, grants, or other sources of cost recovery for which the expenditure may qualify.

LUMA, Genera, and PREPA are authorized to draw from their respective contingency accounts without prior approval from the Energy Bureau. However, each entity shall submit a monthly report to the Energy Bureau within the first ten (10) days of the month following the reporting period describing its use of the Contingency Reserve Account. Each report shall include, for the reporting period: (i) an itemized list of all expenditures charged to the Contingency Reserve Account; (ii) the date of each expenditure; (iii) for each expenditure, a justification explaining the extraordinary event or other unforeseen circumstance giving rise to the expenditure, and why the expenditure could not reasonably have been addressed through the entity's ordinary budget, including the contingencies and reserves that would normally be expected to be available for routine operational risks and unforeseen events; and (iv) the amount drawn during the period, the cumulative amount drawn to date, and the remaining Contingency Reserve Account balance. These reports shall enable the Energy Bureau to assess both whether each charge to the account is justified and the rate at which the account is being utilized.

If the Energy Bureau determines that expenditures charged to a Contingency Reserve Account fall outside the scope of the uses authorized herein, the Energy Bureau may disallow such expenditures from being recovered through the Contingency Reserve Account and may require that the amount be restored to such account from other funds available to the applicable entity, subject to any further determinations the Energy Bureau may make. Although prior approval is not required for expenditures from the Contingency Reserve Accounts, LUMA, Genera, and PREPA may, at their discretion, seek guidance from the Energy

⁷ The fact that the Energy Bureau establishes contingency reserve accounts in the amount of \$30 million for each of LUMA and Genera shall not be construed as a determination regarding the reserve-account funding or replenishment provisions contained in their respective OMAs. The coincidence in the amount of funding authorized herein and the reserve-account amounts referenced in such agreements is not intended to, and shall not, imply any approval, adoption, endorsement, or other determination regarding those contractual provisions.



Bureau regarding the eligibility of a proposed expenditure before such expenditure is incurred.

The Energy Bureau **APPROVES** an amendment to the FY27 Budget to include an additional \$30.0 million in LUMA's budget for the establishment and funding of the LUMA Contingency Reserve Account, an additional \$30.0 million in Genera's budget for the establishment and funding of the Genera Contingency Reserve Account, and an additional \$1.0 million in PREPA's budget for the establishment and funding of the PREPA Contingency Reserve Account.

C. Disposition of Remaining Reconciliation Funds

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Jm Following the establishment of the Contingency Reserve Accounts authorized herein, a balance of **\$37,747,153** of the FY26 Reconciliation Amount remains unallocated. Upon receipt of the additional information authorized to be submitted by Genera, and after considering such information together with the existing record in this proceeding, the Energy Bureau will determine the appropriate allocation of such remaining funds and will issue such further orders as may be necessary to dispose of the remaining portion of the FY27 Budget amendment.

D. Genera June 9 Motion

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Shon On June 9, 2026, Genera filed a document titled Genera PR LLC's Urgent Motion for Clarification and Protective Treatment Regarding FY 2026 Budget to Actual Reconciliation and Good-Faith Expenditures Incurred under PREB-Approved Temporary and Provisional Budget Authority ("June 9 Motion").⁸ Through such motion, Genera requested guidance regarding the implementation of the Final Rate Order for FY 2026 Budget-to-Actual reconciliation purposes and sought protective treatment with respect to certain expenditures, obligations, and commitments incurred during the pendency of the rate proceeding. Genera also requested authorization to submit additional information and supporting documentation regarding such matters.⁹

DM The Energy Bureau **AUTHORIZES** Genera to submit such additional information and supporting documentation as it deems appropriate. Such authorization is granted solely for informational purposes and shall not be construed as a determination that the issues raised by Genera are properly before the Energy Bureau for adjudication, that any controversy requiring resolution presently exists, or that the Energy Bureau agrees with any factual, legal, or policy position advanced in the June 9 Motion. The Energy Bureau expressly reserves all rights with respect to such matters. Genera shall have **ten (10) days** from the notification of this Resolution and Order to submit the filing authorized herein.

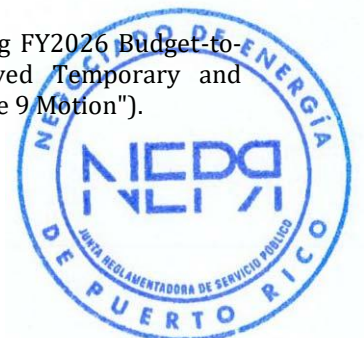
IV. Conclusion

Based on the foregoing, the Energy Bureau **DETERMINES** that it is reasonable and in the public interest to partially amend the FY27 Budget established in the Final Rate Order to provide for the establishment and funding of contingency reserve accounts in the amount of \$30.0 million for LUMA, \$30.0 million for Genera, and \$1.0 million for PREPA. The Energy Bureau further **ORDERS** LUMA, Genera, and PREPA to comply with the reporting requirements set forth in Section II.C of this Resolution and Order with respect to their respective contingency reserve accounts.

The Energy Bureau further **AUTHORIZES** Genera to submit the additional information and supporting documentation described herein. Genera shall have ten (10) days from the notification of this Resolution and Order within which to submit such filing. Upon receipt of such information, the Energy Bureau will determine the appropriate allocation of the

⁸ Genera PR LLC's Urgent Motion for Clarification and Protective Treatment Regarding FY2026 Budget-to-Actual Reconciliation and Good-Faith Expenditures Incurred under PREB-Approved Temporary and Provisional Budget Authority, Case No. NEPR-MI-2021-0004, filed June 9, 2026 (the "June 9 Motion").

⁹ June 9 Motion, Section II & Prayer for Relief.



remaining unallocated portion of the FY26 Reconciliation Amount and issue such further orders as may be necessary.

The Energy Bureau **WARNS** that, in accordance with Article 6.36 of Act 57-2014¹⁰, noncompliance with this Resolution and Order, regulations, and/or applicable laws may carry the imposition of fines and administrative sanctions.¹¹

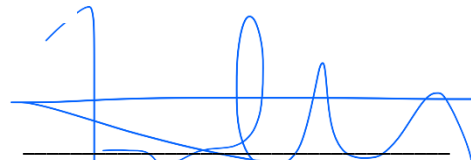
Be it notified and published.




Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner




Antonio Torres Miranda
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on June 15, 2026. Also certify that on June 15, 2026. I have proceeded with the filing of this Resolution and was notified by email to: katuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katuska.bolanos-lugo@us.dlapiper.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; hrivera@jrsp.pr.gov, Ricardo.pallens@genera-pr.com; jfernandez@ecija.com; eramos@ecija.com; gcastrodad@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com.

For the record, I sign this in San Juan, Puerto Rico, today June 15, 2026.



Sonia Seda Gaztambide
Clerk

¹⁰ Known as the Puerto Rico Energy Transformation and RELIEF Act, as amended ("Act 57-2014").

¹¹ Act 57-2014, art. 6.36.