

# CILT Consumption

NEPR

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On April 15, 2026, the Puerto Rico Energy Bureau (Energy Bureau) issued its Final Resolution and Order on Electricity Rates (April 15 Final Rate R&O) under the Puerto Rico Electric Power Authority Rate Review, Docket No. NEPR-AP-2023-0003.

## CILT Excess Consumption Report

In compliance with the April 15 Final Rate & Order, specifically the requirement that LUMA, no later than July 1, 2026, identify which of Puerto Rico's 70<sup>1</sup> municipalities may be exceeding the electric usage covered under the Contribution in Lieu of Taxes (CILT) for Fiscal Year 2026 (FY2026),<sup>2</sup> LUMA has conducted the required analysis. Municipalities exceeding the applicable CILT threshold must be subject to invoice detailing the excess consumption and the corresponding municipal debt for collection purposes. LUMA hereby submits, as Attachment A to this Exhibit 1, a spreadsheet containing the requested information.

LUMA notes that the information provided in Attachment A:

- Follows the directives of the April 15 Final Rate R&O;
- Includes the municipal consumption data submitted as part of the Annual Riders Reconciliation and Proposed Factors under Case No. NEPR-MI-2020-0001, filed on June 1, 2026. It also includes the actual consumption for May 2026, as well as the estimated municipal consumption for June of FY2026;<sup>3</sup>
- According to the data provided in Attachment A, the following municipalities have already exceeded<sup>4</sup> the FY2026 CILT Consumption Cap and are therefore subject to billing and collection for the exceeding consumption amount.

- |              |                |
|--------------|----------------|
| 1. Adjuntas  | 7. Fajardo     |
| 2. Aguada    | 8. Florida     |
| 3. Camuy     | 9. Guaynabo    |
| 4. Canóvanas | 10. Gurabo     |
| 5. Ceiba     | 11. Juana Díaz |
| 6. Cidra     | 12. Las Marías |

<sup>1</sup> LUMA respectfully notes that Puerto Rico has seventy-eight (78) municipalities.

<sup>2</sup> Page 14 of Chapter Eight of Final Resolution and Order on Electricity Rates dated April 15, 2026, Docket No. NEPR-AP-2023-0003.

“No later than July 1, 2026, The Energy Bureau requires LUMA to identify which of the 70 municipalities in Puerto Rico may be exceeding their electric usage that is covered by CILT, which should be billed to and collected from those municipalities.”

<sup>3</sup> The methodology used to estimate which municipalities may exceed the Maximum Cap consisted of calculating the average consumption for the first eleven (11) months of FY2026 and using this average as the projected consumption for the 12 months.

<sup>4</sup> Note that this data is subject to re-billing adjustments.

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13. Mayagüez

14. Morovis

15. Naranjito

16. Orocovis

17. Quebradillas

18. Yauco

These municipalities are highlighted in orange in the spreadsheet included as Attachment A.

Additionally, the following municipalities are projected<sup>5</sup> to exceed<sup>6</sup> the CILT Maximum Consumption by the end of FY2026 and would also be subject to billing and collection for any excess consumption amount:

1. Aibonito

2. Barceloneta

3. Comerío

4. Utuado

5. Yabucoa

These municipalities are highlighted in blue in the spreadsheet included as Attachment A.

### Submittal in compliance with the October 1 Municipalities CILT Excess Consumption Report determination

In compliance with the Energy Bureau's determination regarding Municipalities CILT Excess Consumption Report due on October 1<sup>st</sup>, LUMA respectfully provides the following detail on the methodology utilized to perform the requested calculation.

Notably, and given that FY2027 begins on July 1, 2026, only two months of actual consumption data will be available by the reporting deadline. Historically, municipalities that exceed their CILT consumption cap tend to do so by the middle of the third quarter.<sup>7</sup> Therefore, LUMA established a mathematical method to estimate municipal CILT consumption for the remaining months of FY2027 (i.e., September 2026 to June 2027).

LUMA will apply a forecast method considering historical monthly behavior from FY2023 through 2026 to estimate each municipality's consumption for FY2027. For example, to forecast September 2026 CILT consumption for a given municipality, LUMA will extrapolate using the average September consumption from FY2023 to 2025. This same methodology will be used for the remaining nine subsequent months.

$$\sum_{m_1}^{m_2} MMC_{actuals} + \sum_{y_{2023}}^{y_{2025}} \sum_{m_3}^{m_{12}} MMC_{estimate}$$

<sup>5</sup> The methodology used to estimate which municipalities may exceed the Excess Consumption Report consisted of calculating the average consumption for the first eleven (11) months of FY2026 and using this average as the projected consumption for the 12 months.

<sup>6</sup> Note that this data is subject to re-billing adjustments.

<sup>7</sup> As an example, in FY2026 the municipality that exceeded the cap in December 2025 was Las Marías, which corresponds to the second quarter of the fiscal year. The subsequent municipalities that exceeded their cap did so in the third quarter, and there were only ten: Adjuntas, Camuy, Canóvanas, Ceiba, Cidra, Gurabo, Juana Díaz, Morovis, Naranjito, and Quebradillas.

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$MMC_{actuals}$  = Monthly Municipality Consumption actually incurred in FY2027

$\overline{MMC}_{estimate}$  = Monthly Municipality Consumption average consumption estimate extrapolated to FY2027

$m_i$  = month of evaluation per municipality

$y_i$  = year of evaluation for each municipality

Recognizing that certain months may not exhibit a representative consumption pattern due to factors such as rebilling adjustments, recent determinations issued by the Energy Bureau regarding the reclassification of accounts previously excluded from CILT, among other considerations, LUMA may conduct an annual assessment to identify the monthly consumption value that most accurately reflects the municipality's typical usage. If a representative monthly consumption pattern cannot be established for the periods evaluated, the consumption corresponding to that month from the most recently completed fiscal year shall be applied.

Taken together, this methodology provides a standardized and replicable framework for characterizing monthly consumption, strengthening the ability to interpret historical trends, evaluate changes in municipal energy behavior, and develop forecast.