

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

NEPR
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IN RE:
PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO. NEPR-MI-2020-0001

**SUBJECT: LUMA’s Motion Requesting
Clarification Regarding June 30, 2026, Order’s
FY2027 Annual Rider Methodology**

**MOTION REQUESTING CLARIFICATION REGARDING JUNE 30, 2026, ORDER’S
FISCAL YEAR 2027 ANNUAL RIDER METHODOLOGY**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

I. Introduction

1. LUMA respectfully submits this Motion to request clarification of certain statements contained in the *Resolution and Order* issued by the Puerto Rico Energy Bureau (“Energy Bureau”) on June 30, 2026, (the “June 30 Order”) in the above-captioned proceeding. Although the June 30 Order approved the annual rider reconciliations and factors proposed by LUMA, it includes descriptions of the methodologies applicable to the Help to Humans Subsidies (“SUBA-HH”) and Non-Help to Humans Subsidies (“SUBA-NHH”) riders that appear inconsistent with the determinations adopted by the Energy Bureau in its Final Resolution and Order on Electricity Rates issued on April 15, 2026, in Case No. NEPR-AP-2023-0003 (the “Final Rate Order”).

2. Accordingly, through this Motion, LUMA respectfully requests clarification regarding the proper interpretation and implementation of the Final Rate Order and the June 30 Order with respect to: (i) the recovery of costs associated with the Lifeline Residential Service

(“LRS”) and Residential Service for Public Housing Projects (“RH3”) tariffs; (ii) the treatment of the General Agricultural Service (“GAS”) subsidy; and (iii) the treatment of costs associated with PREPA’s irrigation systems. Clarification is necessary to ensure that LUMA continues to implement the annual rider methodologies in a manner consistent with the Energy Bureau’s directives and to provide certainty regarding the preparation of future annual rider reconciliations, forecasts, and factor calculations.

II. Procedural Background and Discussion

3. On April 15, 2026, the Energy Bureau issued and notified the Final Rate Order. Among other directives, the Final Rate Order determines that the LRS and RH3 tariffs’ applicable low-income discount shall be recovered through base rates rather than through the SUBA-HH rider. *See* Final Rate Order, Chapter Seven, p. 36.

4. On June 1, 2026, LUMA filed a motion titled *Motion Submitting CILTA, SUBA-HH, and SUBA-NHH Reconciliations and Calculated Factors, EE Program Costs and Proposed Factors, and Request for Confidential Treatment* (the “June 1 Motion”). The June 1 Motion submits that, in compliance with the Final Rate Order, LUMA removed the LRS and RH3 subsidy costs from the SUBA-HH rider in the proposed annual riders that will be in effect from July 1, 2026, through June 30, 2027. *See* June 1 Motion, Section III(B)(11), p. 5; *see also* Final Rate Order, Chapter Seven, p. 36. In addition, LUMA informed the Energy Bureau that GAS subsidy was eliminated because the approved cost per kWh for GAS in the Final Rate Order was higher than that of General Service at Secondary Distribution Voltage (“GSS”), which serves as the comparable benchmark for determining the subsidy cost. *See* June 1 Motion, Section III(C)(12), p. 6.

5. Thereafter, on June 18, 2026, the Energy Bureau issued and notified a Resolution and Order (the “June 18 Order”), which, among other things, directed LUMA to respond to multiple requests for information.

6. LUMA submitted its responses to the request for information on June 24, 2026. *See LUMA’s Submission of Responses to Requests for Information and Revised Annual and Quarterly Reconciliations and Calculated Factors in Compliance with Resolution and Order of June 18, 2026* (June 24, 2026) (the “June 24 Responses”).

7. Regarding the LRS and RH3 subsidies, LUMA confirmed these were removed from the FY2027 subsidy forecast and from the proposed SUBA-HH rider in accordance with the directives established in the Final Rate Order. *See* June 24 Responses, RFI-LUMA-MI-2020-0001-20260624-Attachment B-3(b). In alignment with this, LUMA explained that the FY2026 reconciliation appropriately continued to include LRS and RH3 subsidy costs because those subsidies were recovered through the approved SUBA-HH rider during FY2026, which remained in effect through the end of the fiscal year. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-4(b). LUMA stated that the reconciliation mechanism only reflects the subsidy differential under the rates then in effect and does not incorporate the FY2027 methodology adopted in the Final Rate Order. *Id.*

8. Regarding PREPA’s irrigation systems, LUMA explained that, based on its interpretation of the Final Rate Order, the costs associated with PREPA’s irrigation systems were allocated through base rates and related revenues and therefore were not assigned for recovery through the FY2027 SUBA-NHH rider. Accordingly, no irrigation subsidy amounts were included in the FY2027 subsidy forecast. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-5(a).

9. LUMA additionally explained that the FY2026 reconciliation continued to reflect irrigation-system costs because those amounts had historically been reported by PREPA at \$4,152,000 annually and allocated evenly on a monthly basis. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-5(b); *see also id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-5(b). LUMA noted that it had not requested inclusion of additional irrigation costs for the fiscal year at issue. *Id.*

10. LUMA also explained that the GAS subsidy was removed from the FY2027 SUBA-NHH calculation because the newly approved GAS base rate exceeded the comparable GSS base rate. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-6(a). As a result, the differential that previously gave rise to the subsidy no longer exists. *Id.* LUMA specifically confirmed that the GAS subsidy was removed from the FY2027 SUBA-NHH calculation. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-6(b). At the same time, LUMA explained that the FY2026 reconciliation continued to include GAS subsidy costs because the FY2026 rider remained in effect through June 2026 and continued to recover those costs under the framework approved in the then-operative rate order. *Id.*, RFI-LUMA-MI-2020-0001-20260624-Attachment B-6(c).

11. On June 30, 2026, the Energy Bureau entered a *Resolution and Order* (the “June 30 Order”), by which it approved, among other things, the reconciliation of the May 1, 2025, to April 30, 2026, annual riders and the annual rider factors, that is, the contributions in lieu of taxes cost adjustment, SUBA-HH, SUBA-NHH, and the energy efficiency rider, to be in effect from May 1, 2026, to April 30, 2027.

12. The June 30 Order includes a narrative description of the methodology applicable to the recovery of costs through the SUBA-HH and SUBA-NHH riders. *See* June 30 Order, pp. 6-9. LUMA respectfully submits that certain aspects of that narrative are not fully consistent with

the directives set forth in the Final Rate Order. Specifically, while the Final Rate Order determined that the costs associated with the LRS and RH3 tariffs would thereafter be recovered through base rates rather than through the SUBA-HH rider (*see* Final Rate Order, Chapter Seven, p. 36), the June 30 Order appears to describe the SUBA-HH methodology as continuing to recover those subsidy costs. *See* June 30 Order, pp. 6-8. This description is difficult to reconcile with both the express language of the Final Rate Order and LUMA's implementation thereof in the June 1 Motion and June 24 Responses annual rider filing approved by the Energy Bureau on June 30, 2026, including the removal of LRS and RH3 costs from the FY2027 SUBA-HH calculation.

13. Furthermore, the June 30 Order describes the SUBA-NHH methodology as recovering costs associated with the GAS subsidy. *See* June 30 Order, p. 8. However, as explained by LUMA in its June 1 Motion and further detailed in the June 24 Responses, the approved GAS rate design no longer produces a subsidy because the approved GAS base rate exceeds the comparable GSS base rate, thereby eliminating the differential upon which the subsidy was historically calculated. *See* June 24 Responses, RFI-LUMA-MI-2020-0001-20260624-Attachment B-6(a)-(b). As a result, LUMA removed the GAS subsidy from the FY2027 SUBA-NHH calculation consistent with its understanding of the Final Rate Order. *Id.*

14. Additionally, although the June 1 Motion and June 24 Responses calculated factors did not include the PREPA irrigation costs, the June 30 Order states that "LUMA included [irrigation fixed costs] amount as part of the estimated costs of the SUBA-NHH rider for the period from July 1, 2026, through June 30, 2027." *See* June 30 Order, p. 9. LUMA respectfully clarifies that this is not correct. As stated in the June 1 Motion and the June 24 Responses, LUMA did not include irrigation costs in the proposed annual factors because it understands that per the Final Rate Order, those costs are now recovered through base rates.

15. Clarification of these issues is important because LUMA is responsible for implementing the rider methodologies approved by the Energy Bureau and for preparing future annual rider reconciliations and factor calculations in accordance with the Energy Bureau's directives. The descriptions contained in the June 30 Order create uncertainty as to whether the methodologies approved in the Final Rate Order and implemented by LUMA in the filing approved by the June 30 Order, should continue to govern future annual rider submissions. In the absence of clarification, LUMA faces the risk of applying methodologies that are inconsistent with either the Final Rate Order or the June 30 Order. Accordingly, to ensure that it is correctly interpreting and implementing the Energy Bureau's directives, LUMA respectfully requests clarification whether the descriptions should be understood as references to historical subsidy recovery mechanisms that no longer apply to the FY2027 annual rider calculations. LUMA further requests confirmation that future annual rider filings should continue to be prepared consistent with the methodology established in the Final Rate Order, as followed by LUMA in the June 1 Motion.

WHEREFORE, LUMA respectfully requests that the Energy Bureau **clarify** whether the descriptions of the SUBA-HH and SUBA-NHH methodologies contained in the June 30 Order should be understood as references to historical recovery mechanisms applicable prior to implementation of the Final Rate Order; and **confirm** that future annual rider reconciliations, forecasts, and factor calculations should continue to be prepared and submitted in accordance with the methodology established in the Final Rate Order.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, on the 8th day of July 2026.



DLA Piper (Puerto Rico) LLC

B7 Tabonuco St.
Suite 1501
Guaynabo, PR 00968-3028
Tel. 787-945-9132
Fax 939-697-6102

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
RUA 16,266
margarita.mercado@us.dlapiper.com

/s/ Katuska Bolaños Lugo
Katuska Bolaños Lugo
RUA 18,888
katuska.bolanos-lugo@us.dlapiper.com

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of July 2026, I filed the foregoing motion with the Clerk of the Puerto Rico Energy Bureau through the Energy Bureau's electronic filing system. I further certify that on the same date I served a true and correct copy of the foregoing filing upon all parties of record in this proceeding via the Energy Bureau's electronic filing system, in accordance with the applicable rules and regulations, including:

The Puerto Rico Electric Power Authority, through
alexis.rivera@prepa.pr.gov,
nzayas@gmlex.net,
rcruzfranqui@gmlex.net,
mvalle@gmlex.net,

Genera PR LLC, through
lrn@roman-negron.com,
legal@genera-pr.com,
regulatory@genera-pr.com,

The Independent Consumer Protection Office, through
hrivera@jrsp.pr.gov.

In Guaynabo, Puerto Rico, on the 8th day of July 2026.

/s/ Katuska Bolaños Lugo
Katuska Bolaños Lugo