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

IN RE: REVIEW OF LUMA'S INITIAL BUDGETS	**CASE NO.:** NEPR-MI-2021-0004 **SUBJECT**: **LUMA's Motion to Inform Variance in GridCo Fiscal Year 2027 Certified Budget and Budgets Approved in Final Rate Order and Request for Remedies**

LUMA'S MOTION TO INFORM VARIANCE BETWEEN GRIDCO FISCAL YEAR 2027 CERTIFIED BUDGET AND BUDGET APPROVED IN FINAL RATE ORDER AND REQUEST FOR REMEDIES

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

1. LUMA files the present Motion to bring to the Puerto Rico Energy Bureau's ("Energy Bureau") attention a discrepancy identified between the Fiscal Year 2027 ("FY2027") GridCo budget reflected in the Final Order on Electricity Rates and the FY2027 budget for the Puerto Rico Electric Power Authority ("PREPA") subsequently certified by the Financial Oversight and Management Board for Puerto Rico ("FOMB"). As explained below, the discrepancy creates a potential funding shortfall affecting activities and expenditures previously approved by the Energy Bureau through the Final Rate Order. Accordingly, LUMA respectfully requests that the Energy Bureau consider the information set forth herein, reconcile the discrepancy and preserve the implementation of its approved FY2027 budget determinations.

II. Procedural Background and Discussion

2. On April 15, 2026, the Energy Bureau issued and notified the *Final Order on Electricity Rates* (the "Final Rate Order"). *See Final Order on Electricity Rates, In Re: Review of the Puerto Rico Electric Power Authority Rates*, Case No. NEPR-AP-2023-0003 (April 15, 2026). In the Final Rate Order, the Energy Bureau approved and established, among other determinations, the permanent FY2027 revenue requirement for the electric system. *See* Final Rate Order, Chapter One at 43. The Final Rate Order includes tables that provide line-item detail for the budgets that will be administered by PREPA (HoldCo and HydroCo) and Genera (GenCo). *See* Final Rate Order, Chapter Five at 47; *see also id*. Chapter Four, *id*. at 130-131.

3. The Final Rate Order, however, does not include a consolidated table identifying the budget allocated to GridCo, which is the entity administered by LUMA. As a result, LUMA conducted a comprehensive review of the Final Rate Order, including the narratives and budget determinations applicable to the various GridCo functions and departments. Based on that analysis, LUMA identified a total FY2027 budget allocation of $990.3 million. This amount includes GridCo Operating Expenditures, GridCo Non-Labor/Other Operating Expenditures, Non-Federally Funded Necessary Maintenance Expenses, Reserve for Excess Expenditures, and the Contingency Reserve Account approved by the Energy Bureau in the *Resolution and Order* issued and notified on June 15, 2026 in the case of caption.

4. On June 26, 2026, the FOMB certified the FY2027 Budget for PREPA. *See* **Exhibit 1**, Letter from FOMB to the Hon. Governor of Puerto Rico dated June 26, 2026 (the "FOMB June 26 Letter") and attachments. Per the resolution certifying the FY2027 Budget for PREPA, the Governor of Puerto Rico did not submit to FOMB a proposed Fiscal Year 2027 PREPA budget and thus, FOMB developed and certified a compliant budget for PREPA, "which is consistent with

the [Final Rate Order].” *See* Exhibit A to the FOMB June 26 Letter, pp. 1-2. The Fiscal Year 2027 PREPA Budget is attached as Appendix A to Exhibit A and hereinafter referred to as the “FY2027 PREPA Certified Budget”.

5. As the FY2027 PREPA Certified Budget shows, GridCo expenses total $982.7 million. See FY2027 PREPA Certified Budget, p. A-4, *E. GridCo - Operating & Maintenance Expenses*. Notably, there is a difference of $7.6 million between the budget that LUMA calculated as per the Final Rate Order and the FY2027 PREPA Certified Budget for GridCo as per the FOMB June 26 Letter and attachments.

6. This discrepancy creates a funding gap affecting activities and expenditures previously approved by the Energy Bureau through the Final Rate Order. Accordingly, action by the Energy Bureau is necessary to reconcile the inconsistency and ensure that the funding associated with the approved FY2027 GridCo budget is available for implementation.

7. One alternative identified by LUMA is for the Energy Bureau to approve a reapportionment among previously approved budget line items such that $7.6 million is transferred from the Contingency Reserve Account to the *GridCo Labor Operating Expenses* and *GridCo Non-Labor / Other Operating Expenses* budget categories. The allocation of the amounts would be as follows in millions:

GridCo Operating Expenditures	$341.56
GridCo Non-Labor / Other Operating Expenses	$454.03
Non-Federally Funded Necessary Maintenance Expenses	$156.71
Up to 2% Reserve for Excess Expenditures	$7.97
Contingency Reserve	$22.43
Total GridCo Operating & Maintenance Expenses	**$982.69**

8. The discrepancy described above is not the result of any failure by LUMA to budget, plan, or execute its operations prudently. Rather, it arises directly from the manner in

which the approved FY2027 GridCo budget was presented in the Final Rate Order. Unlike the budgets approved for PREPA and Genera, which are reflected in consolidated budget tables, the Final Rate Order does not contain a single table identifying the total approved FY2027 GridCo budget. Consequently, LUMA was required to reconstruct the GridCo budget through a detailed review of the Final Rate Order and by aggregating the individual budget determinations contained throughout that Order. The difference between the amount derived from that exercise and the amount reflected in the FY2027 PREPA Certified Budget demonstrates an inconsistency between governing budget documents, rather than any deficiency in LUMA's planning, budgeting, or operational execution. LUMA therefore submits this matter solely to facilitate reconciliation of those inconsistencies and to ensure that funding associated with activities approved by the Energy Bureau remains available for implementation.

9. LUMA respectfully submits the information set forth herein in good faith and for the sole purpose of bringing to the Energy Bureau’s attention an inconsistency that, unless addressed, may result in a funding shortfall affecting activities previously approved by the Energy Bureau in the Final Rate Order. LUMA neither caused nor controls the circumstances that give rise to the discrepancy. LUMA presents this matter in a good faith effort to facilitate an appropriate resolution before any adverse operational or regulatory consequences occur.

10. LUMA recognizes that the Energy Bureau may identify an alternative means of addressing this issue. Should that occur, LUMA respectfully requests an opportunity to provide input and participate in discussions regarding any such alternative before the Energy Bureau adopts a final resolution, so as to ensure that any corrective action fully accounts for operational realities and effectively achieves its intended purpose

11. Nothing in this Motion, nor in the proposed approach described herein to address the discrepancy identified above, shall be construed as a waiver, limitation, abandonment, modification, or withdrawal of any position, argument, objection, claim, defense, or right asserted by LUMA in its Motion for Reconsideration filed in this proceeding. *See LUMA's Motion for Reconsideration of Final Rate Order*, Case No. NEPR-AP-2023-0003 (May 5, 2026). LUMA expressly reserves all rights with respect to that Motion for Reconsideration and all related matters. The relief requested herein is submitted solely as a practical and immediate measure to address the funding discrepancy described above and to preserve the Energy Bureau's approved FY2027 determinations pending resolution of the issues raised in the Motion for Reconsideration. Nothing in this Motion, including the reapportionment alternative proposed herein, should be interpreted as an admission regarding the correctness of any determination challenged in the Motion for Reconsideration or as acquiescence to any aspect of the Final Rate Order that LUMA continues to contest.

III. Conclusion

WHEREFORE, LUMA respectfully requests that the Energy Bureau: (i) take notice of the discrepancy between the GridCo budget reflected in the Final Rate Order and the FY2027 PREPA Certified Budget; and (ii) approve the reapportionment described herein, or alternatively identify a mechanism to reconcile such discrepancy and preserve funding previously approved by the Energy Bureau for GridCo activities.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, on the 9th day of July 2026.

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CERTIFICATE OF SERVICE

WE HEREBY CERTIFY that this motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Richard Cruz-Franqui, rcruzfranqui@gmlex.net; Mirelis Valle-Cancel, mvalle@gmlex.net; Natalia Zayas Godoy, nzayas@gmlex.net; and Alexis G. Rivera Medina, alexis.rivera@prepa.pr.gov; and to Genera PR, LLC, through: Jorge Fernández-Reboredo, jfernandez@ecija.com, José J. Díaz Alonso, jdiaz@ecija.com; Ernesto Ramos Maldonado, eramos@ecija.com; Ricardo Pallens Cruz, ricardo.pallens@genera-pr.com; Ramón L. Ramos Aponte; ramon.ramos@jsyalaw.com; legal@genera-pr.com; and regulatory@genera-pr.com.

In Guaynabo, Puerto Rico, on the 9th of July 2026.

/s Katiuska Bolaños Lugo
Katiuska Bolaños Lugo

Exhibit 1