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:** Determination Ordering PREPA to Fund the LUMA and Genera Service Accounts for Fiscal Year 2026 in Accordance with the Final Rate Order, and to Fund the Contingency Reserve Accounts.

RESOLUTION AND ORDER

I. Background

On April 15, 2026, the Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau"), acting pursuant to its authority under Act 57-2014,[1] issued the Final Resolution and Order on Electricity Rates in Case No. NEPR-AP-2023-0003 (the "Final Rate Order"),[2] through which, the Energy Bureau approved the Fiscal Year 2026 revenue requirement applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), Genera PR LLC ("Genera"), and the Puerto Rico Electric Power Authority ("PREPA").

Among other determinations, the Final Rate Order established that the Fiscal Year 2026 ("FY26") reconciliation amount of $98,747,153[3] ("FY26 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.[4] Accordingly, the Energy Bureau directed LUMA, Genera, and PREPA to submit a joint amendment to the FY27 Budget describing the proposed use of such funds during FY27 (the "Joint Reconciliation Plan Amendment").[5]

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.[6] 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.

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

[2] In re: Puerto Rico Electric Power Authority Rate Review, Case No. NEPR-AP-2023-0003, Final Resolution and Order on Electricity Rates (Apr. 15, 2026) (the "Final Rate Order").

[3] 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.

[4] Final Rate Order, Chapter Two, Part VIII.C, p. 7.

[5] *Id.*

[6] May 20 Motion ¶ 5; FY2027 Joint Reconciliation Plan Amendment.

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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 May 28, 2026, LUMA filed a document titled *Motion to Inform and Requesting Order Regarding PREPA's Failure to Comply* ("May 28 Motion"), through which, LUMA informs that PREPA failed to fund the Service Accounts in accordance with the allocations and revenue requirements established by the Energy Bureau in the Final Rate Order for Fiscal Year 2026 and requests that the Energy Bureau issue an order: (i) requiring PREPA to apply the Fiscal Year 2026 budget and revenue requirement approved in the Final Rate Order as the operative and controlling determination for all relevant purposes; (ii) directing PREPA to calculate and fund the Service Accounts in accordance with such approved amounts and Section 7.5 of the T&D OMA; (iii) requiring PREPA to remedy any funding deficiency resulting from its failure to do so; and granting any further relief that the Energy Bureau deems just and proper.

LUMA contends that under Section 7.5 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA"), PREPA is required to fund the Service Accounts on a monthly basis using the applicable approved budget and revenue requirement. LUMA asserts that although the Final Rate Order on Electricity Rates approved the revenue requirement applicable to LUMA, Genera and PREPA, PREPA failed to fund the Service Accounts in accordance with that determination and instead elected to fund LUMA and Genera's Service Accounts based on the Provisional Budget, resulting in LUMA receiving less than one twelfth of the approved budget under the Final Rate Order.

On May 29, 2026, the Energy Bureau issued a Resolution and Order ("May 29 Resolution"), through which, the Energy Bureau took notice of LUMA's May 28 Motion and ordered PREPA to respond within five (5) days to LUMA's May 28 Motion regarding the funding implementation for Fiscal Year 2026 budget as approved in the Final Rate Order.

On June 5, 2026, PREPA filed a document titled, *Motion in Compliance with May 29, 2026 Resolution and Order* ("June 5 Motion"), through which, PREPA responded to the May 29 Resolution. PREPA asserted that the position LUMA set forth in the May 28 Motion failed for three independent reasons.

First, PREPA responded that it had fully funded the Service Accounts consistent with the operative budget certified by the Financial Oversight and Management Board ("FOMB") pursuant to PROMESA. Second, PREPA contended that the controversy raised by LUMA constitutes a Service Account Dispute governed by Article 15 of the T&D OMA. Third, PREPA claimed that the liquidity issues identified by LUMA are longstanding, well-documented, and cannot reasonably be attributed to PREPA's May 2026 funding decisions. PREPA further stated that LUMA provided no legal or regulatory basis for making its claim for payment.[7]

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. 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.

On June 15, 2026, the Energy Bureau issued a Resolution and Order ("June 15 Resolution"), through which, the Energy Bureau determined that it was 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 ordered LUMA, Genera, and PREPA to comply with the reporting requirements set forth in Section II.C of the June 15 Resolution with respect to their respective contingency reserve accounts.

[7] June 5 Motion, p. 2.

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On June 25, 2026, LUMA filed a document titled *Motion to Inform and Supplement Record Regarding Fiscal Year 2026 Budget Implementation* ("June 25 Motion"), in which LUMA alleges that the total amount due from PREPA in regards of the monthly budget approved by the Energy Bureau and certified by FOMB since April 15, 2026, is $39.15 MM.[8]

II. Discussion

A. Service Accounts

LUMA and PREPA both cite Section 7.5 of the T&D OMA as applicable in determining the level at which PREPA is required to replenish the Service Accounts the T&D OMA established. That Section requires PREPA to make payment to the Service Accounts in accordance with the budget then in effect, which corresponds with the budgets approved by the Energy Bureau in connection with its Final Rate Order. For 2026, this encompasses three different budgets: the FY 2026 Default Budget, the FY 2026 Provisional Budget and finally, the budget established in connection with the FY 2026 Final Rates.

Following the issuance of the Final Rate Order, LUMA approved budget reflected an increase in comparison to the Provisional Budget which to date PREPA has not funded to LUMA. This non-funded amount by PREPA for the months of May and June of 2026 represents an amount of $39.154 million[9]. PREPA is required to fund the Service Accounts in an amount that will reconcile the budget that corresponds to the final rates with the default budget and the provisional budget, which together, comprise all of FY 2026. Prospectively, PREPA is required to base its Service Account funding on the approved FY 2027 budget.

B. Reserve Accounts

Through the June 15 Resolution, the Energy Bureau established Reserve Accounts for LUMA, Genera and PREPA in the amount of $30.0 million, $30.0 million and $1.0 million respectively. The Energy Bureau established the reserve accounts in recognition of the need for funding in response to hurricane-related and severe weather events and other extraordinary, unexpected operational, infrastructure and reliability events that may require the prompt deployment of significant resources. The Energy Bureau determined that maintaining readily available contingency funding enhanced 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.[10]

III. Conclusion

The Energy Bureau **ORDERS** PREPA to, fund the T&D OMA and LGA OMA established Service Accounts for LUMA and Genera respectively, based on the FY 2026 amounts established by the Energy Bureau in the Final Rate Order and further Certified by FOMB, such that the amounts funded to LUMA and Genera from, the date the Final Order was issued correspond to the FY2026 duly approved, as described in Section II of this Resolution and Order. The Energy Bureau **ORDERS** PREPA to transfer to LUMA the amount of $39.154 million in accordance with the Final Rate Order by July 31, 2026, and make any necessary adjustments to Genera's Service Accounts. PREPA shall further submit to the Energy Bureau, **on or before July 31, 2026**, evidence demonstrating that it has complied with this Resolution and Order and that it has funded or otherwise adjusted LUMA's and Genera's Service Accounts in accordance with the amounts established in the Final Rate Order for the established period of FY26, FY27 and FY28.

The Energy Bureau **AUTHORIZES** LUMA, Genera and PREPA to effectuate the creation of the Reserve Accounts the Energy Bureau established in the amounts of $30.0 million for LUMA, $30.0 million for Genera and $1.0 million for PREPA and **ORDERS** PREPA, **by July 31, 2026**, to fund said Reserve Accounts.

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[8] June 25 Motion, Exhibit 2.

[9] *Id.*

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The Energy Bureau **ORDERS** PREPA to file by the last day of each month, commencing July 31, 2026, evidence certifying compliance with this Resolution and Order detailing the amounts funded to LUMA and Genera in accordance with the Final Rate Order budget. If during any month, PREPA it not able to fund Genera and LUMA Service Accounts with an amount equal to one twelfth of their portion of the approved Final Rate Order budget, PREPA shall distribute the available funds proportionally, by each operator, as established in the Final Rate Order (i.e. approximately LUMA 62%, Genera 16% and PREPA 3% after securing the pension and system funds). If PREPA cannot meet this requirement and/or the Reserve Accounts funding, due to lack of available funding in the system, PREPA shall notify the Energy Bureau, immediately, of said situation. Such notification shall be accompanied by the necessary documentation, including PREPA bank account balances, authorized transfers and any other documentation that PREPA understands demonstrates such alleged noncompliance and PREPA shall make any request it deems necessary to comply with the Final Rate Order and this Resolution and Order.

The Energy Bureau **WARNS** that, in accordance with Article 6.36 of Act 57-2014, noncompliance with this Resolution and Order, regulations, and/or applicable laws may carry the imposition of fines and administrative sanctions.

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 July 13, 2026. Also certify that on July 13, 2026. I have proceeded with the filing of this Resolution and was notified by email to: katiuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katiuska.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; jdiaz@ecija.com; legal@genera-pr.com; regulatory@genera-pr.com.

For the record, I sign this in San Juan, Puerto Rico, today July 13, 2026.

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Sonia Seda Gaztambide
Clerk