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Received:

Jul 31, 2026

8:31 PM

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

MOTION FOR RECONSIDERATION OF THE JULY 13, 2026 RESOLUTION AND ORDER

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority ("PREPA"), through its counsel, and respectfully submits and prays as follows:

I. Introduction

PREPA respectfully seeks reconsideration of the Resolution and Order issued by the Puerto Rico Energy Bureau ("Energy Bureau") on July 13, 2026 ("July 13 Resolution") on the grounds that the Resolution adjudicates what is, in substance, a contractual dispute arising under Section 7.5 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA"), notwithstanding PREPA's express argument that such disputes are subject to the exclusive dispute resolution procedures established in Article 15 of the T&D OMA. Although PREPA squarely raised this jurisdictional issue in its June 5, 2026 Motion in Compliance, the Energy Bureau did not address, analyze, or resolve that argument before directing PREPA to comply with specific contractual funding obligations.

The Resolution orders PREPA to execute transfers exceeding one hundred million dollars within an abbreviated period without considering whether there is sufficient available and unrestricted cash in PREPA's bank accounts to comply. LUMA's collections are, and have been for a long time, insufficient to maintain stable operating liquidity. The cash in PREPA's operational accounts is insufficient to comply with the Energy Bureau's orders after essential obligations, including payroll, pension contributions, fuel & purchased power payments, operator fees and vendor payments. Those additional and more recent facts were brought before the Energy Bureau in a detailed and supported manner , and warrant reconsideration.

Additionally, the July 13 Resolution implies or indirectly establishes, for the first time, the temporal applicability of Fiscal Year 2026 Final Rate Order approved revenues requirement, which was never articulated in the Final Rate Order itself. The Final Rate Order was issued on April 15, 2026, less than three months before the close of Fiscal Year 2026, yet it contained no guidance explaining how PREPA, LUMA, and Genera should apply the FY2026 approved revenue requirements as Budgets for the contemporaneous fiscal year. Monthly Service Account funding was and continues to be administered by PREPA pursuant to the operative budget certified under PROMESA. Rather than recognizing and addressing this evident ambiguity, and the liquidity crisis caused directly by LUMA's insufficient collections and reimbursements, the July 13 Resolution adopts a reconciliation methodology without prior notice and faults PREPA for not having implemented an approach that had never been prescribed.

These liquidity issues, which are exogenous to PREPA's responsibilities by contractual design, directly affect PREPA's statutory responsibilities and the ability to fund in accordance with the relevant OMAs. Accordingly, and as supported by the following facts and data, the Energy Bureau should reconsider its determination and revoke its order for FY 2026 reconciliation transfers to LUMA and revise its order for FY2027 funding of Reserve Accounts.

II. Procedural Background

On April 15, 2026, the Energy Bureau issued its Final Resolution and Order on Electricity Rates in Case No. NEPR-AP-2023-0003 ("Final Rate Order"), establishing, among other things, the Fiscal Year 2026 revenue requirements applicable to PREPA, LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"), and Genera PR LLC ("Genera"). The Final Rate Order also established a Fiscal Year 2026 reconciliation amount and directed the parties to submit a Joint Reconciliation Plan Amendment addressing the proposed use of those funds during Fiscal Year 2027.

On May 20, 2026, LUMA, Genera, and PREPA jointly submitted the required Joint Reconciliation Plan Amendment. Thereafter, on May 27, 2026, the Energy Bureau issued a Resolution and Order requesting additional information concerning that filing.

On May 28, 2026, LUMA filed its Motion to Inform and Requesting Order Regarding PREPA's Failure to Comply with the Approved Fiscal Year 2026 Budget, alleging that PREPA had failed to fund the Service Accounts in accordance with the revenue requirements reflected in the Final Rate Order and requesting that the Energy Bureau compel PREPA to recalculate and replenish those accounts.

By Resolution and Order dated May 29, 2026, the Energy Bureau directed PREPA to respond to LUMA's allegations. PREPA timely complied on June 5, 2026, filing its Motion in Compliance with May 29, 2026 Resolution and Order, in which it explained that: (a) PREPA had funded the Service Accounts consistently with the only legally operative budget certified by the Financial Oversight and Management Board ("FOMB") pursuant to PROMESA; (b) the controversy presented by LUMA constituted a contractual Service Account Dispute governed by Article 15 of the T&D OMA rather than a regulatory dispute within the Energy Bureau's adjudicatory authority; and (c) the liquidity issues identified by

LUMA predated the challenged deposits and could not reasonably be attributed to PREPA's May 2026 funding decisions.

Thereafter, on June 17, 2026, the FOMB issued a letter containing the Fifth Revised Fiscal Year 2026 Certified Budget, approximately 13 days before FY 2026 ended. On June 25, 2026, LUMA filed a Motion to Inform and Supplement Record Regarding Fiscal Year 2026 Budget Implementation, asserting that PREPA allegedly owed approximately $39.154 million in additional Service Account funding and relying upon the recently certified Fifth Revised Fiscal Year 2026 Budget. On July 13, 2026, the Energy Bureau issued the Resolution and Order that is the subject of the present Motion for Reconsideration.

III. Arguments for Reconsideration

A. Energy Bureau lack of jurisdiction and due process

In its Motion in Compliance, PREPA argued that the Energy Bureau lacked jurisdiction to adjudicate the contractual dispute presented by LUMA, an issue that the July 13 Resolution failed to address. This issue is significant because it presents the threshold question of whether the controversy arising under the T&D OMA should have proceeded through the contractual dispute resolution procedures established therein.

From the outset, PREPA has consistently maintained that LUMA's Motion required interpretation and application of the contractual provisions governing the Service Accounts under Section 7.5 of the T&D OMA. PREPA further explained that disagreements concerning the parties' respective contractual obligations under those provisions constitute Service Account Disputes subject to the contractual procedures established in Article 15 of the T&D OMA.

Accordingly, PREPA respectfully argued that the Energy Bureau should, before directing PREPA to perform the disputed contractual obligations arising under Section 7.5 of the T&D OMA, first determine whether it has jurisdiction to adjudicate the contractual dispute presented by LUMA, as that threshold issue necessarily precedes consideration of the merits.

The July 13 Resolution summarizes PREPA's filing but does not expressly address this threshold issue. Further, the Resolution neither analyzes the interaction between Section 7.5 and Article 15 of the T&D OMA, nor explains why the contractual dispute resolution procedures are inapplicable under the circumstances presented by LUMA's Motion. Likewise, the Resolution does not identify the legal basis upon which the Bureau concluded that it could direct immediate performance of the disputed contractual obligations notwithstanding the jurisdictional controversy.

PREPA respectfully submits that this omission warrants reconsideration. PREPA does not challenge the Energy Bureau regulatory authority over rates, budgets, or revenue requirements. Nor does PREPA seek, through this Motion, to relitigate any determination made in the separate ratemaking proceeding. Rather, PREPA respectfully requests that the Energy Bureau expressly address the legal question presented by PREPA's Motion in Compliance before directing implementation of the disputed contractual obligations.

In the alternative, even assuming, solely for purposes of this Motion and without conceding that the Energy Bureau possesses jurisdiction, reconsideration nevertheless remains warranted because PREPA is presently unable to comply with the July 13 Resolution. Accordingly, the Energy Bureau should also consider whether immediate implementation of the transfers ordered is feasible under PREPA's current financial circumstances.

Likewise, in the event the Energy Bureau possesses jurisdiction to adjudicate the controversy presented by LUMA, PREPA respectfully submits that the parties must have an opportunity to present evidence and legal argument regarding the issues that remain in dispute. The July 13 Resolution attempts to resolve issues involving, among other matters, the methodology for implementing the Fiscal Year 2026 Final Rate Order, the calculation of the alleged Service Account reconciliation, PREPA's present financial condition, and PREPA's ability to comply with the ordered transfers. These issues, however, involve disputed factual matters that the Energy Bureau attempts to resolve without an evidentiary proceeding.

Fundamental principles of administrative law require that administrative proceedings be conducted in a manner consistent with due process of law. At a minimum, due process requires that parties receive adequate notice of the claims and issues to be decided and be afforded a meaningful opportunity to present evidence before an agency renders a decision affecting their rights or obligations. These procedural safeguards ensure that an agency’s determination is based upon a complete administrative record and that all parties are afforded a fair opportunity to be heard before substantial rights or obligations are adjudicated.

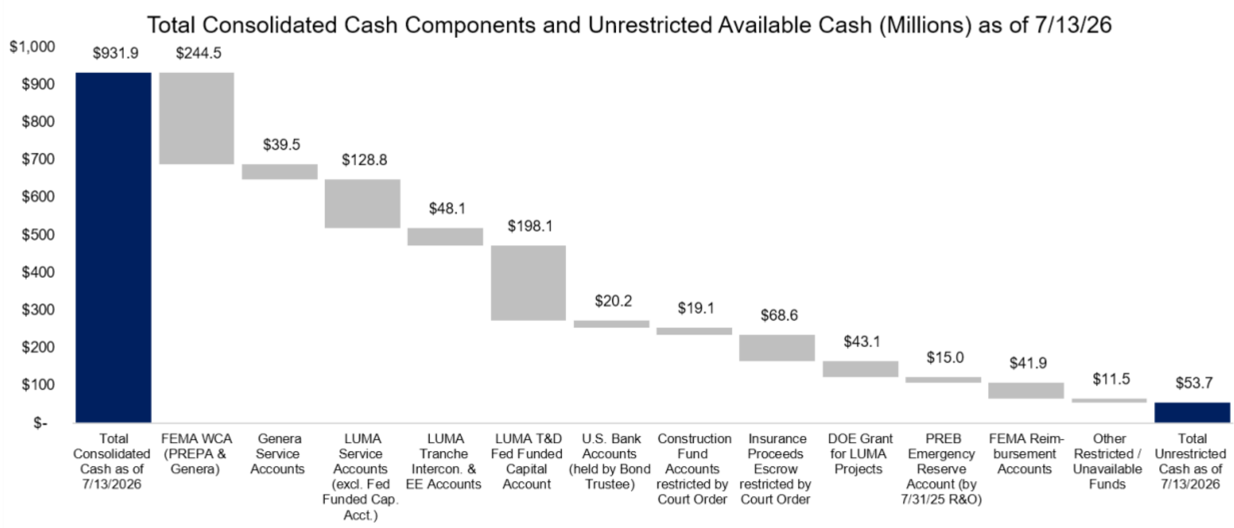
PREPA has not been afforded an opportunity to present testimonial or documentary evidence regarding its unrestricted liquidity, the operational consequences of the ordered transfers, or the practical implementation of the funding obligations imposed by the July 13 Resolution. Likewise, PREPA has not had an opportunity to challenge through evidence the methodology underlying the approximately $39.154

million reconciliation indicated by LUMA and adopted by the Energy Bureau. LUMA did not present its calculations and assumptions to arrive at the $39.154 million reconciliation amount nor has PREPA been able to replicate the result.

B. Compliance with the Energy Bureau's Order is impossible

PREPA is unable to comply with the Energy Bureau's July 13, 2026 orders to execute transfers of approximately $100 million by July 31st to LUMA's Service Accounts and to the new Reserve Accounts for LUMA, Genera and PREPA. The reason PREPA cannot comply is because there is insufficient unrestricted cash from LUMA collections and reimbursements in PREPA's operational accounts. As the Energy Bureau is aware through its own involvement, there have been monthly or bi-monthly stakeholder meetings to address energy system liquidity issues since October 2025 including FOMB, Energy Bureau, LUMA, Genera, PREPA, AAFAF, COR3 and other government parties. Starting in March 2026, PREPA and LUMA began holding more frequent periodic meetings to discuss and address worsening liquidity trends. PREPA's CFO and Comptroller held a meeting on July 16th with LUMA's CFO and Treasurer to discuss the near-term cash flow and liquidity situation. LUMA's CFO acknowledged and agreed that the Energy Bureau's ordered transfers could not be complied with. The following details and data are presented to demonstrate the severity of PREPA's current cash situation.

On July 13, 2026, the day prior to the Service Account funding ("SAF") date, there was approximately $54 million in available, unrestricted cash in PREPA's accounts. The following exhibit presents PREPA's total consolidated cash and its components, including the various categories of restricted and unavailable cash and PREPA's unrestricted available cash held in revenue deposit and concentration accounts and other general fund accounts.



On July 14, 2026, the 10th business day of the month, PREPA authorized $232 million in transfers to the LUMA and Genera Service Accounts and other bank accounts consistent with their respective FY2027 monthly budgets, which are the Energy Bureau approved and FOMB certified annual budgets for FY2027 divided by 12. Consistent with recent prior months' practice, in coordination and agreement with LUMA's CFO and Treasurer, PREPA authorized transfers for July Service Account funding are being executed by LUMA over the subsequent weeks following PREPA's authorization date, as additional cash from customer invoices is collected by LUMA. For context, PREPA reminds the Energy Bureau that LUMA is responsible for executing cash transfers on PREPA's behalf, along with other Treasury functions, and it has full visibility of all PREPA bank account balances on a daily basis.

July 2026 Service Account Funding	
Operator Bank Account	Authorized by PREPA
LUMA Operating Account	$ 78,072,000
LUMA Non-Federally Funded Capital Account	$ 13,252,000
LUMA Purchased Power Account	$ 66,701,000

LUMA Energy Efficiency Account	$ 1,156,557
Sub-total LUMA	**$ 159,181,557**
Genera Operating Account	$ 18,450,000
Genera Fuel Account[1]	$ 54,503,000
Sub-total Genera	**$ 72,953,000**
TOTAL	**$ 232,134,557**

For the remainder of July, based on recent collections trends, LUMA estimated approximately $220 million in cash collections from the 14th to the 31st of the month. In addition to the already PREPA-authorized $232 million for July Service Account funding, LUMA and Genera informed PREPA that it should expect to transfer an additional amount of approximately $39 million to Genera's fuel account to pay for fuel invoices due in July (incremental to the $54.5 million authorized on July 14th). PREPA has approximately $28 million in payables due in July for two weeks of employee payroll and benefit payments and the monthly transfer to the Employee Retirement System. The following table presents the illustrative ending cash balance estimate for July under the foregoing assumptions, <u>excluding</u> the Energy Bureau's ordered cash transfers.

Illustrative July 2026 Ending Cash (Millions)	
Available Cash as of 7/13/2026	$53.7
Expected Collections from 7/14 to 7/31	$219.8
Ending Available Cash before Transfers	**$273.5**
PREPA Authorized Transfers for July SAF	($232.1)
Additional Fuel Funding thru 7/31	($38.9)
PREPA ERS, Payroll and Other	($27.7)
Ending Cash after Transfers	**($25.2)**

Before considering the Energy Bureau's orders for cash transfers, PREPA would have a negative cash position by July 31st if LUMA were to execute all currently authorized

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1 The stated amount for July 2026 Genera Fuel Account funding does <u>not</u> include advance funding requested by Genera after the June service account funding transfers were completed. PREPA authorized four (4) advance funding transfers to Genera totaling approximately $110 million to pay for then-current fuel invoices that were due. Thus, total PREPA authorized funding to Genera's Fuel Account for the July funding cycle is $164.8 million ($110 million + $54.5 million).

transfers to LUMA and Genera bank accounts. As in prior months, LUMA has again postponed certain authorized transfers until August, in order for PREPA to maintain a positive available cash position. Stated simply: there is insufficient cash.

C. May and June 2026 Service Account funding periods

For both the May and June 2026 Service Account funding periods, LUMA was able to complete PREPA's authorized funding transfers, but only a few days prior to the next Service Account funding date and during the subsequent month. For the May 2026 Service Account funding, PREPA authorized $228 million in funding to LUMA and Genera[2] accounts on May 15. On May 14, there was $136 million in available cash deposited by LUMA from its customer collections. Therefore, LUMA split the transfers of authorized funding across 6 transfers over the following 4 weeks. The final transfers were completed by LUMA on June 9th, 3 business days prior to the next Service Account funding date.

May 2026 Service Account Funding Cycle - Transfers from PREPA Accounts									
	PREPA	5/15/2026	5/22/2026	5/26/2026	5/27/2026	6/2/2026	6/9/2026		
Operator Account	**Authorized Amt.**	**Transfer 1**	**Transfer 2**	**Transfer 3**	**Transfer 4**	**Transfer 5**	**Transfer 6**		**Balance**
LUMA Operating Account	$ 62,049,000	$ 31,000,000			$ 20,000,000	$ 11,049,000			$ -
LUMA Energy Efficiency	$ 1,156,557	$ 1,156,557							$ -
LUMA Non-Federally Funded Capital	$ 15,305,000						$ 15,305,000		$ -
LUMA Purchased Power Account	$ 92,184,000	$ 19,902,000		$ 50,000,000			$ 22,282,000		$ -
LUMA Fuel Account	$ 57,656,000	$ 35,000,000	$ 22,656,000						$ -
Total Funding to Operators	**$ 228,350,557**	**$ 87,058,557**	**$ 22,656,000**	**$ 50,000,000**	**$ 20,000,000**	**$ 11,049,000**	**$ 37,587,000**		**$ -**
Sub-total Funding to LUMA	**$ 144,556,557**	**$ 32,156,557**	**$ -**	**$ 50,000,000**	**$ 20,000,000**	**$ 11,049,000**	**$ 37,587,000**	**$ -**	**$ (6,236,000)**
Sub-Transfers from LUMA Accounts to Genera Accounts									
Genera Operating Account	$ 26,138,000	$ 19,902,000							$ 6,236,000
Genera Fuel Account	$ 57,656,000	$ 35,000,000	$ 22,656,000						$ -
Sub-total Funding to Genera	**$ 83,794,000**	**$ 54,902,000**	**$ 22,656,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,236,000**

Balance of PREPA Authorized Funds for Genera Held in LUMA Accounts ^

For June Service Account funding, PREPA authorized $236 million in funding to LUMA and Genera accounts on June 12th. On June 11th, there was $84 million in available cash deposited by LUMA from customer collections. Therefore, LUMA split the transfers of authorized funding across 7 transfers over the following 4 weeks. The final transfers

[2] Cash funding for Genera for monthly service account funding is first transferred to LUMA's bank accounts then to Genera's bank accounts in accordance with the T&D OMA, LGA OMA, and PGHOA agreements

were completed by LUMA on July 10th, 2 business days prior to the next Service Account funding date.

June 2026 Service Account Funding Cycle - Transfers from PREPA Accounts									
	PREPA	6/12/2026	6/15/2026	6/22/2026	6/26/2026	6/29/2026	7/2/2026	7/10/2026	
Operator Account	**Authorized Amt.**	**Transfer 1**	**Transfer 2**	**Transfer 3**	**Transfer 4**	**Transfer 5**	**Transfer 6**	**Transfer 7**	**Balance**
LUMA Operating Account	$ 62,049,000	$ 30,000,000			$ 20,000,000		$ 12,049,000		$ -
LUMA Energy Efficiency	$ 1,156,557	$ 1,156,557							$ -
LUMA Non-Federally Funded Capital	$ 15,305,000							$ 15,305,000	$ -
LUMA Purchased Power Account	$ 92,550,876		$ 10,000,000	$ 29,900,000		$ 30,000,000		$ 22,650,876	$ -
LUMA Fuel Account	$ 64,655,500		$ 20,500,000	$ 32,500,000		$ 11,655,500			$ -
Total Funding to Operators	**$ 235,716,933**	**$ 31,156,557**	**$ 30,500,000**	**$ 62,400,000**	**$ 20,000,000**	**$ 41,655,500**	**$ 12,049,000**	**$ 37,955,876**	**$ -**
Sub-total Funding to LUMA	**$ 144,923,433**	**$ 31,156,557**	**$ -**	**$ 20,000,000**	**$ 20,000,000**	**$ 30,000,000**	**$ 12,049,000**	**$ 37,955,876**	**$ (6,238,000)**

Sub-Transfers from LUMA Accounts to Genera Accounts									
Genera Operating Account	$ 26,138,000		$ 10,000,000	$ 9,900,000					$ 6,238,000
Genera Fuel Account	$ 64,655,500		$ 20,500,000	$ 32,500,000		$ 11,655,500			$ -
Sub-total Funding to Genera	**$ 90,793,500**	**$ -**	**$ 30,500,000**	**$ 42,400,000**	**$ -**	**$ 11,655,500**	**$ -**	**$ -**	**$ 6,238,000**

Balance of PREPA Authorized Funds for Genera Held in LUMA Accounts ^

Notably, in both the May and June 2026 Service Account funding periods, LUMA withheld approximately $6.2 million in funding that PREPA had authorized for the Genera Operating Account in the LUMA Purchased Power Account. The total amount withheld by LUMA for both May and June Service Account funding is approximately $12.5 million. LUMA explained to PREPA that these amounts were withheld in the Purchased Power account because LUMA believes that the PREPA authorized transfers exceeded the relevant approved monthly budget. LUMA decided at its own discretion and without formal or written advance notice to PREPA to withhold the approved funds in a LUMA account.

D. July 2026 Service Account funding period – LUMA is the principal driver of illiquidity

On the 10th business day of July, PREPA's cash working capital was, again, severely constrained. PREPA authorized transfers of funds requested by LUMA and Genera with the understanding and express agreement that LUMA would execute them as customer collections became available.

Therefore, LUMA's petition, and the Energy Bureau's orders issued to PREPA omitted this critical fact: full funding is impossible at LUMA proposed levels within the month due to the limited available cash from LUMA's collection and reimbursement responsibilities. LUMA's motions also omit an underlying and critical driver of illiquidity: this outcome is a function of LUMA's actions and omissions in adequately controlling its cash disbursements and ensuring timely reimbursement of over $1 billion in federal funds for expenditures that LUMA has designated as federally reimbursable and paid for with operational funds.

IV. Conclusion

In sum, the Resolution concludes that PREPA was required to fund the Service Accounts in accordance with the revised Fiscal Year 2026 revenue requirements and directs PREPA to transfer approximately $39.154 million to LUMA. However, the Resolution does not explain the analytical methodology employed to derive that amount, identify the calculations adopted by the Energy Bureau, or otherwise provide PREPA with a methodology by which it could independently verify or replicate the ordered reconciliation.

In light of the issues presented herein, PREPA respectfully requests that the Energy Bureau stay the implementation of the funding obligations ordered in the July 13 Resolution until the Energy Bureau has ruled upon this Motion for Reconsideration. A temporary stay would preserve the status quo while the Energy Bureau considers the threshold jurisdictional issue, the implementation methodology, and PREPA's present ability to comply with the order. Granting such relief would avoid the possibility that PREPA be required to undertake substantial financial transfers before these issues have been fully resolved. PREPA respectfully submits that a temporary stay would not prejudice any party and would promote the orderly administration of these proceedings.

Finally, in the event the Bureau denies the relief requested herein, PREPA respectfully requests that the Bureau include in its resolution the corresponding notice regarding the parties' rights to seek judicial review, in accordance with the applicable provisions of the Puerto Rico Uniform Administrative Procedure Act, Act No. 38-2017, as amended.

WHEREFORE, PREPA respectfully requests that the Energy Bureau (1) grant this Motion for Reconsideration; (2) reconsider the Resolution and Order issued on July 13, 2026

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on the 31st day of July 2026.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at https://radicacion.energia.pr.gov/login and notified via email to the attorneys of the parties of record: jfr@sbgblaw.com, emaldonado@sbgblaw.com; gcastrodad@sbgblaw.com; jan.albinolopez@us.dlapiper.com; margarita.mercado@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; jfernandez@ecija.com; eramos@ecija.com.

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