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:** Resolution Specifying the Energy Bureau-Approved FY 2027 GridCo Budget and Rejecting LUMA's Request for Reapportionment of Funds.

RESOLUTION AND ORDER

I. Background

The Energy Bureau of the Puerto Rico Public Service Regulatory Board (the "Energy Bureau"), acting pursuant to its authority under Act 57-2014,[1] reviews and establishes the annual budgets applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), as operator of the electric transmission and distribution system ("GridCo"). The Fiscal Year ("FY") 2027 budgets approved within this framework rely on the revenue requirements approved by the Energy Bureau for the electric system.[2]

On July 9, 2026, LUMA filed a document titled *LUMA's Motion to Inform Variance in GridCo Fiscal Year 2027 Certified Budget and Budgets Approved in Final Rate Order and Request for Remedies* ("July 9 Motion"), through which LUMA brought to the Energy Bureau's attention a discrepancy LUMA identified between the FY 2027 GridCo budget that LUMA derived from the Energy Bureau's budget determinations and the FY 2027 budget for the Puerto Rico Electric Power Authority ("PREPA") that the Financial Oversight and Management Board for Puerto Rico ("FOMB") certified on June 26, 2026 (the "FY 2027 Certified Budget").

LUMA requested that the Energy Bureau: (i) take notice of the discrepancy between the GridCo budget approved by the Energy Bureau and the FY 2027 Certified Budget; and (ii) approve the reapportionment described in the July 9 Motion or, alternatively, identify a mechanism to reconcile such discrepancy and preserve funding previously approved by the Energy Bureau for GridCo activities.[3]

LUMA expresses concern that the alleged discrepancy creates a shortfall affecting activities and expenditures previously approved by the Energy Bureau and asks that the Energy Bureau reconcile the discrepancy to preserve LUMA's implementation of the approved FY 2027 budget determinations. LUMA contends that the Energy Bureau's budget approvals do not include a consolidated table identifying the budget allocated to GridCo, the entity administered by LUMA, and that LUMA therefore had to reconstruct the GridCo budget by aggregating individual budget determinations.

LUMA explains that, based on that reconstruction, it identified a total FY 2027 GridCo budget allocation of $990.3 million, comprising GridCo Labor Operating Expenses, GridCo Non-Labor/Other Operating Expenses, Non-Federally Funded Necessary Maintenance Expenses, the Up to 2% Reserve for Excess Expenditures, and the Contingency Reserve Account approved in the Resolution and Order issued on June 15, 2026 in this docket. LUMA relates that the FY 2027 Certified Budget shows total GridCo operating and maintenance expenses of $982.7 million, and LUMA thus calculates a variance of $7.6 million that, in its view, creates a funding gap affecting activities and expenditures previously approved by the Energy Bureau. The July 9 Motion, however, does not set forth the calculation, line-item composition, or supporting schedules through which LUMA derived its $990.3 million figure.

LUMA suggests that, to reconcile the alleged inconsistency, the Energy Bureau could approve a reapportionment among the approved budget lines transferring $7.6 million from the

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

[2] The FY 2027 budgets approved within this docket rely on the revenue requirements approved by the Energy Bureau for the electric system for FY 2027. See also Resolution and Order, Case No. NEPR-MI-2021-0004 (June 15, 2026).

[3] July 9 Motion at 5.

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Contingency Reserve Account—thereby reducing that account from $30.0 million to $22.43 million—to the GridCo Labor Operating Expenses and the GridCo Non-Labor/Other Operating Expenses budget categories, for a total GridCo budget of $982.69 million. LUMA contends that the Energy Bureau should implement this or an alternative reconciliation method to address the alleged variance. If the Energy Bureau determines to utilize an alternative means of addressing the issue, LUMA requests the opportunity to provide input before the Energy Bureau adopts a final resolution.

II. Discussion

No variance exists. The FY 2027 GridCo budget approved by the Energy Bureau within the framework of this docket comprises components totaling $982.69 million: GridCo Labor Operating Expenses of $341,201,165; GridCo Non-Labor/Other Operating Expenses of $445,825,461; the Up to 2% Reserve for Excess Expenditures of $7,969,839; Non-Federally Funded Necessary Maintenance Expenses of $157,695,457; and the Contingency Reserve Account of $30,000,000 established by the June 15, 2026 Resolution and Order in this docket;[4] the FY 2027 Certified Budget reflects these same amounts and is therefore consistent with the Energy Bureau's budget determinations. To provide the consolidated presentation that LUMA states is absent, and to eliminate any ambiguity in the aggregation of the individual budget determinations, the Energy Bureau here provides as an **Appendix A** to this Resolution and Order a consolidated table specifying, by expense component, the approved FY 2027 GridCo budget, which relies on the revenue requirements approved by the Energy Bureau, as reflected in the FY 2027 Certified Budget..

The Energy Bureau therefore rejects LUMA's request to reapportion $7.6 million, the amount of the variance LUMA contends, from the Contingency Reserve Account to the GridCo Labor Operating Expenses and GridCo Non-Labor/Other Operating Expenses budget categories as LUMA proposed in the July 9 Motion. The request rests on an incorrect premise; LUMA's assertion as to the existence of a variance. Moreover, the Contingency Reserve Account was funded through the June 15, 2026 Resolution and Order for contingencies arising during FY 2027; diverting $7.6 million from that account to ordinary operating expense categories would deplete the reserve for purposes other than those for which it was established, without the showing the Energy Bureau requires to support budget reallocations.

III. Conclusion

The Energy Bureau **DETERMINES** that no variance exists between the approved FY 2027 GridCo budget and the FY 2027 Certified Budget.

The Energy Bureau **DENIES** LUMA's request for reapportionment of $7.6 million from the Contingency Reserve Account to the GridCo Labor Operating Expenses and GridCo Non-Labor/Other Operating Expenses budget categories.

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.[5]

Be it notified and published.

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[4] Resolution and Order, *In re: LUMA's Initial Budget and Related Terms of Service,* Case No. NEPR-MI-2021-0004, June 15, 2026 (allocating the FY 2026 reconciliation amount, including the $30,000,000 GridCo Contingency Reserve Account).

[5] Act 57-2014, art. 6.36.

Edison Avilés Deliz
Chairman

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

Omar M. Rodríguez González
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on August 19, 2026. I also certify that on August 19, 2026, I have proceeded with the filing of this Resolution and Order 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.

I sign this in San Juan, Puerto Rico, today August 19, 2026.

Sonia Seda Gaztambide
Clerk

APPENDIX A

LUMA — Approved Fiscal Year 2027 Budgets: Expense Components

ID	Type	Department / Portfolio	Program Brief Code	Component / Program	Project / Detail	$
1. Labor Operating Expenses						
1	LABOR	Customer Experience	—	Salaries & Wages, Pension & Benefits, Overtime Pay and Overtime Benefits	—	46,453,317
2	LABOR	Customer Experience	—	Bonuses	—	0
3	LABOR	Operations	—	Salaries & Wages, Pension & Benefits, Overtime Pay and Overtime Benefits	—	168,218,896
4	LABOR	Operations	—	Bonuses	—	0
5	LABOR	Utility Transformation	—	Salaries & Wages, Pension & Benefits, Overtime Pay and Overtime Benefits	—	30,481,297
6	LABOR	Utility Transformation	—	Bonuses	—	0
7	LABOR	Support Services	—	Salaries & Wages, Pension & Benefits, Overtime Pay and Overtime Benefits	—	96,047,655
8	LABOR	Support Services	—	Bonuses	—	0
					Total – Labor Operating Expenses	**341,201,165**
2. Non-Labor / Other Operating Expenses						
9	NON-LABOR	Customer Experience	—	Materials & Supplies	—	324,000
10	NON-LABOR	Customer Experience	—	Transportation, Per Diem and Mileage	—	435,680
11	NON-LABOR	Customer Experience	—	Utilities & Rents	—	126,000
12	NON-LABOR	Customer Experience	—	Professional & Technical Outsourced Services	—	46,400,000
13	NON-LABOR	Customer Experience	—	Miscellaneous Expenses	—	10,000
14	NON-LABOR	Operations	—	Materials & Supplies	—	15,237,306
15	NON-LABOR	Operations	—	Transportation, Per Diem, and Mileage	—	6,276,969
16	NON-LABOR	Operations	—	IT Service Agreements	—	1,186,399
17	NON-LABOR	Operations	—	Utilities & Rents	—	1,777,075
18	NON-LABOR	Operations	—	Legal Services	—	1,627,500
19	NON-LABOR	Operations	—	Communications Expenses	—	32,760
20	NON-LABOR	Operations	—	Professional & Technical Outsourced Services	—	38,729,887
21	NON-LABOR	Operations	—	Vegetation Management (Professional & Technical Outsourced Services)	—	131,250,000
22	NON-LABOR	Operations	—	Miscellaneous Expenses	—	78,750
23	NON-LABOR	Utility Transformation	—	Materials & Supplies	—	1,850,553
24	NON-LABOR	Utility Transformation	—	Transportation, Per Diem, and Mileage	—	2,944,120
25	NON-LABOR	Utility Transformation	—	IT Service Agreements	—	154,500
26	NON-LABOR	Utility Transformation	—	Utilities & Rents	—	6,686,253
27	NON-LABOR	Utility Transformation	—	Legal Services	—	1,077,507
28	NON-LABOR	Utility Transformation	—	Communications Expenses	—	10,296
29	NON-LABOR	Utility Transformation	—	Professional & Technical Outsourced Services	—	8,992,992
30	NON-LABOR	Utility Transformation	—	Miscellaneous Expenses	—	2,025,357

ID	Type	Department / Portfolio	Program Brief Code	Component / Program	Project / Detail	$
31	NON-LABOR	Support Services	—	Materials & Supplies	—	17,954,090
32	NON-LABOR	Support Services	—	Transportation, Per Diem, and Mileage	—	7,636,979
33	NON-LABOR	Support Services	—	Property & Casualty Insurance	—	18,998,114
34	NON-LABOR	Support Services	—	Security (Physical)	—	7,684,311
35	NON-LABOR	Support Services	—	IT Service Agreements	—	46,396,695
36	NON-LABOR	Support Services	—	Utilities & Rents	—	10,893,738
37	NON-LABOR	Support Services	—	Legal Services	—	10,252,562
38	NON-LABOR	Support Services	—	Communications Expenses	—	1,923,895
39	NON-LABOR	Support Services	—	Professional & Technical Outsourced Services	—	49,823,645
40	NON-LABOR	Support Services	—	Miscellaneous Expenses	—	7,027,528
				Total – Departmental Non-Labor / Other Operating Expenses		**445,825,461**
41	RESERVE	—	—	Up to 2% Reserve for Excess Expenditures	—	7,969,839
42	RESERVE	—	—	Contingency Reserve	—	30,000,000
43	FEES	—	—	T&D OMA Fixed Fees	—	143,200,000
				3. Non-Federally Funded Necessary Maintenance Expenses		
44	NME	Customer Experience	PBCS4	Retail Wheeling	Wheeling	3,073,641
45	NME	Customer Experience	PBUT29	Standardized Metering & Meter Shop Setup	Meter Test Boards	192,000
46	NME	Customer Experience	PBUT38	New Business Connections	14-01 New Transformers Instal	2,289,720
47	NME	Customer Experience	PBUT38	New Business Connections	D&T-NB Evaluations	4,672,667
48	NME	Customer Experience	PBUT38	New Business Connections	D&T-NB Endorsements	1,664,000
49	NME	Customer Experience	PBUT38	New Business Connections	D&T-NB Inspections	2,561,333
50	NME	Customer Experience	PBUT38	New Business Connections	D&T-NB System Upgrades	1,339,200
51	NME	Customer Experience	PBUT38	New Business Connections	Electric Certifications	750,000
52	NME	Customer Experience	PBUT38	New Business Connections	Customer Portal - Applications	500,000
53	NME	Customer Experience	PBCS3	Billing Accuracy & Back Office	CC&B Upgrade to Cloud	1,661,592
54	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	Decommissioning Project (Luma Equipment)	250,000
55	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	Decommissioning Project (Prepa Equipment/Documents)	250,000
56	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS - HVAC Replacements	1,000,000
57	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS - Water Cisterns	400,000
58	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS Arecibo Region Projects	660,335
59	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS Bayamón Region Projects	102,000
60	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS Mayaguez Region Projects	503,335
61	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS Ponce Region Projects	75,000
62	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS San Juan Region Projects	144,000
63	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS-CAGUAS REGIONAL PROJECT II	2,764,000
64	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	FMS Generator Acquisitions	875,000
65	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	Caparra CX consolidation with Guaynabo OPS	600,000

ID	Type	Department / Portfolio	Program Brief Code	Component / Program	Project / Detail	$
66	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	Carolina CX consolidation with Carolina OPS	600,000
67	NME	Control Center & Buildings	PBFM1	Facilities Development & Implementation	CIM to Plaza Carolina Lease Property	250,000
68	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	CCTV&accessCustomerExpFacility	30,000
69	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	CCTV&accessReg&Tech Facility	120,000
70	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	CCTV SatelliteWarehouses	30,000
71	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	CCTV&accessPaloSeco	60,000
72	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	CCTV&accessRegionalWarehouses	30,000
73	NME	Control Center & Buildings	PBUT19	Regional Operations Physical Security	Fence Satellite Warehouses	24,000
74	NME	Distribution	PBUT30	Distribution Pole & Conductor Repair	Engineering Distribution Corrective Maintenance (Priority 2)	28,750,000
75	NME	Distribution	PBUT30	Distribution Pole & Conductor Repair	Engineering Distribution Corrective Maintenance (Priority 1)	9,200,000
76	NME	Distribution	PBUT30	Distribution Pole & Conductor Repair	3rdPartyDamageUrgentPoleRepair	2,078,906
77	NME	Distribution	PBUT6	Distribution Line Rebuild	Distribution New Business (50kvA or more)	7,000,000
78	NME	Enabling	PBOP5	Tools Repair & Management	Operations Tools&Equip-Substat	7,376,712
79	NME	Enabling	PBHE8	Emergency Response Preparedness	Establish Emergency Op Center	100,000
80	NME	Enabling	PBUT1	Compliance & Studies (PSP)	DG Interconnect & Net Metering	4,260,521
81	NME	Enabling	PBUT1	Compliance & Studies	Utility Scale Renewable Energy Integration Plan	1,000,000
82	NME	Enabling	PBUT1	Compliance & Studies	D Subs Sys Asset Plan & Size	1,250,000
83	NME	Enabling	PBUT1	Compliance & Studies	Dist Line-Sys Lev Plan & Size	1,250,000
84	NME	Enabling	PBUT1	Compliance & Studies (PSP)	T Line-Sys Lev A. Plan & Size	1,437,500
85	NME	Enabling	PBUT1	Compliance & Studies (PSP)	T Subs Sys Asset Plan & Size	1,437,500
86	NME	Enabling	PBUT27	Asset Data Integrity	Asset Tagging	500,000
87	NME	Enabling	PBUT27	Asset Data Integrity	Asset Mgmt Info System Implementation	2,300,000
88	NME	Enabling	PBUT27	Asset Data Integrity	GIS Improvements	345,000
89	NME	Enabling	PBUT27	Asset Data Integrity	Engineering Tools	600,000
90	NME	Enabling	PBOP1	T&D Fleet	helicopter repairs and inspections	6,000,000
91	NME	Enabling	PBOP1	T&D Fleet	Drone Project	4,738,000
92	NME	Substation	PBUT7	Substation Reliability	Substation Capacity Upgrades (New Business)	2,000,000
93	NME	Substation	PBUT7	Substation Reliability	Engineering Substation Corrective Maintenance (Priority 2)	4,025,000
94	NME	Substation	PBUT7	Substation Reliability	Engineering Substation Corrective Maintenance (Priority 1)	4,025,000
95	NME	Substation	PBUT18	Substation Physical Security	Locks for Distribution switche	294,000
96	NME	Substation	PBUT18	Substation Physical Security	Locks - 15 CIP LOW BES Sites	6,000
97	NME	Support Services	PBIT2	IT OT Cybersecurity Program	Structured Data Protection Implementation`- High Priority	118,306
98	NME	Support Services	PBIT2	IT OT Cybersecurity Program	Network Segmentation - Phase 2	118,306
99	NME	Support Services	PBIT2	IT OT Cybersecurity Program	Unstruc.DataProtec.&Classif.	118,306
100	NME	Support Services	PBIT3	IT OT Enablement Program	End User Device Management	4,030,000
101	NME	Support Services	PBIT4	IT OT Asset Management	Network Tools for Troubleshooting	218,306
102	NME	Support Services	PBIT4	IT OT Asset Management	IT ProductionMigration to Cloud	118,306
103	NME	Support Services	PBIT4	IT OT Asset Management	Workforce Management System	1,315,401

ID	Type	Department / Portfolio	Program Brief Code	Component / Program	Project / Detail	$
104	NME	Support Services	PBIT4	IT OT Asset Management	AVEVA Pi Hardware Tag Points Additions	200,000
105	NME	Support Services	PBIT4	IT OT Asset Management	Compliance Management Software	118,306
106	NME	Support Services	PBIT4	IT OT Asset Management	SCADA EMS Hardware Lifecycle	100,000
107	NME	Support Services	PBIT4	IT OT Asset Management	KRONOS/ UKG Migration to Cloud	118,306
108	NME	Support Services	PBIT4	IT OT Asset Management	Contract Management System	2,618,306
109	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	Enterprise Document Management System	980,851
110	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	Record Retention/Data Management	266,756
111	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	Data Strategy and Governance	863,756
112	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	Datalake Expansion	2,118,306
113	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	LINUX 8 Upgrade	400,000
114	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	ORACLE DATABASE UPGRADE	600,000
115	NME	Support Services	PBIT5	IT OT Collaboration & Analytics	Implementation of Process Mining and Automation Tools	200,000
116	NME	Support Services	PBFM4	Critical Financial Systems	AR/Revenue management module	525,919
117	NME	Support Services	PBFM4	Critical Financial Systems	Oracle EBS Version Upgrade	621,076
118	NME	Support Services	PBFM4	Critical Financial Systems	Grant Management	1,046,076
119	NME	Support Services	PBFM4	Critical Financial Systems	Oracle Expense Module Implem.	140,919
120	NME	Support Services	PBFM4	Critical Financial Systems	Oracle Supporting Tools	175,919
121	NME	Support Services	PBFM4	Critical Financial Systems	Procure to Pay-ORACLE Implem.	1,846,995
122	NME	Support Services	PBFM4	Critical Financial Systems	Time Rec. & Process Enhancem.	1,021,076
123	NME	Support Services	PBFM4	Critical Financial Systems	Oracle enhancements and ERP replacement	1,000,000
124	NME	Transmission	PBUT13	Transmission Priority Pole Replacements	Engineering Transmission Corrective Maintenance (Priority 2)	8,625,000
125	NME	Transmission	PBUT13	Transmission Priority Pole Replacements	Engineering Transmission Corrective Maintenance (Priority 1)	8,625,000
126	NME	Transmission	PBUT33	Transmission Line Rebuild	Transmission Capacity Upgrade (New Business)	2,000,000
Total – Non-Federally Funded Necessary Maintenance Expenses						**157,695,457**

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