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

IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY PERMANENT RATE	**CASE NO.:** NEPR-MI-2020-0001 **SUBJECT:** LUMA's Submission of FCA and PPCA Reconciliations for June-August 2026, Calculated FCA, PPCA and FOS Factors for October-December 2026 and Request for Confidential Treatment

MOTION SUBMITTING FCA AND PPCA RECONCILIATIONS FOR JUNE-AUGUST 2026 AND CALCULATED FCA, PPCA AND FOS FACTORS FOR OCTOBER-DECEMBER 2026 AND MEMORANDUM OF LAW IN SUPPORT OF CONFIDENTIAL TREATMENT

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy Servco, LLC ("LUMA" or the "Operator"), through the undersigned counsel, and respectfully state and request the following:

I. Introduction

As Operator of the Puerto Rico Electric Power Authority's ("PREPA") Transmission and Distribution System ("T&D System"), and in furtherance of its duties as agent of PREPA regarding system regulatory matters under Section 5.6 of the T&D OMA, LUMA prepares quarterly reconciliations and proposed calculated factors for the Fuel Charge Adjustment ("FCA"), the Purchased Power Charge Adjustment ("PPCA"), and the Fuel Oil Subsidy ("FOS") riders.

The Resolution and Order entered on January 10, 2017, and PREPA's Tariff Book, require the calculation of the FCA and PPCA riders' reconciliation and FCA, PPCA and FOS riders' forecasts to ensure that the costs of the power purchased from private generators and of fuel used for generation by Genera PR LLC ("Genera") are passed through to customers without any markup, profit or additional charges. *See In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, Final Resolution and Order (P.R. Energy Bureau January 10, 2017); *see also* the operative PREPA Tariff Book approved on July 22, 2026, *In Re: Implementation of 2026's Approved Permanent Rate*, Case No. NEPR-MI-2026-0005, Resolution and Order (P.R. Energy Bureau July 22, 2026).

On April 15, 2026, the Energy Bureau entered a Final Resolution and Order in Case No. NEPR-AP-2023-0003 amending several components of base rates and certain riders. *See In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. NEPR-AP-2023-0003, Final Resolution and Order on Electricity Rates (P.R. Energy Bureau April 15, 2026). The methodology and components for the FCA, PPCA reconciliation and FCA, PPCA and FOS forecasts and implementation remained unchanged.

The reconciliations for the FCA and PPCA riders that are submitted herewith for the months of June, July, and August 2026 are consistent with the approved and currently effective PREPA Tariff Book for Fiscal Year 2027, as approved by the Energy Bureau through its Resolution and Order of July 22, 2026. *See In Re: Implementation of 2026's Approved Permanent Rate*, Case No. NEPR-MI-2026-0005, Resolution and Order (P.R. Energy Bureau July 22, 2026), approving the Tariff Book submitted with LUMA's *Motion to Submit Revised Tariff Book* (P.R. Energy Bureau June 30, 2026). The FY2027 Tariff Book is publicly available at https://lumapr.com/wp-content/uploads/2026/07/FY2027-Tariff-Book-Modifications_Spanish.pdf.

LUMA is also submitting reconciliation amounts and estimated costs related to the Customer Battery Energy Sharing ("CBES") Program and the Accelerated Storage Addition Program ("ASAP"). Additionally, with this submission, LUMA respectfully requests that the Energy Bureau implement the bad-debt factor approved in the Final Resolution and Order on

Electricity Rates by applying it to the quarterly rider revenues (*i.e*. FCA, PPCA, and FOS), in alignment with their determination on bad debt.

LUMA's submission also includes Excel spreadsheets filed publicly via email in a file entitled *Values* submitted with this Motion. With this motion, LUMA is submitting confidential Excel spreadsheets with formulae intact via email, in a file entitled *Confidential*. As explained in Section VIII *infra*, it is hereby respectfully requested that this Energy Bureau accept and maintain the files and spreadsheets submitted in the file, *Confidential*, under seal of confidentiality.

II. Procedural Background

On June 30, 2026, the Energy Bureau entered a *Resolution and Order* ("June 30 Order") approving the reconciliation of the FCA and PPCA for the period of March, April, and May 2026, after reviewing actual fuel costs, prior period adjustments, and supporting documentation submitted by LUMA. In accordance with regulatory requirements, the Energy Bureau ordered the implementation of the following FCA, PPCA, and FOS factors for the quarter of July 1, 2026 – September 30, 2026:

Adjustment Clause	Factor ($/kWh)	Effective Date
FCA	0.114070	July 1, 2026 – September 30, 2026
PPCA	0.051748	
FOS	0.016650	

See June 30 Order, at p. 15.

Furthermore, the Energy Bureau ordered a $13,291,561.64 deferral related to costs associated with the insufficiency of natural gas supply by NFEnergía LLC[1] and Naturgy

[1] Although the June 30 Order references "New Fortress" as a fuel provider, the actual party to the Gas Sales Agreement registered with the Puerto Rico Comptroller's Office (Contract No. 2026-G00097) is NFEnergía LLC.

Aprovisionamientos S.A., pending validation and resolution of the corresponding contractual claim process. *Id.* at pp. 11-12.

The June 30 Order also directed LUMA to submit proposed quarterly factors for the FCA, PPCA, and FOS clauses that will take effect on October 1, 2026, including the reconciliations for the months of June, July, and August 2026. *Id.* at p. 16. The filing is due today. *Id.* This submission is made in compliance with said order. *Id.* at p. 16.

III. Summary of Pending Fuel-Related Deferrals

In addition to the regular quarterly reconciliation, the Energy Bureau has ordered various deferrals related to fuel supply shortfalls and contractual claims that remain pending validation and resolution.[2] The following are <u>examples</u> of these deferrals:

Date of Resolution and Order	Deferred Amount	Reason Provided by the Energy Bureau
September 30, 2025	$2,500,000.00	NFEnergia LLC gas delivery shortfall (estimated adjustment for vessel swap at LNG terminal)
December 19, 2025	$52,500,000.00	NFEnergía LLC LNG terminal vessel swaps (pending validation of contractual claims)
June 30, 2026	$13,291,561.64	NFEnergía LLC and Naturgy Aprovisionamientos S.A. gas supply insufficiency (pending contractual claim resolution)
Total Pending Deferrals (September 30, 2025 to June 30, 2026)	$70,791,561.64	

[2] Although not related to pending disputes with fuel suppliers, on March 28, 2026, the Energy Bureau ordered the deferral of $2,418,880.58 from the April-June 2026 FCA recoveries due to an identified inconsistency in the actual fuel inventories and the inventory reported in the J-28 report.

LUMA respectfully notes that, to the best of its understanding, although the Energy Bureau prospectively defers these amounts from the quarterly reconciliations (thereby excluding such amounts from customers' FCA-related cost recovery obligations), these amounts have already been disbursed by Genera. This is the basis for including these costs in the reconciliation data provided to the Energy Bureau by LUMA. Consequently, when amounts are deferred, the Energy Bureau is effectively precluding the recovery of expenditures already incurred by Genera, thereby creating a variance between actual costs disbursed and amounts recovered through the applicable rate adjustment mechanism. This understanding was confirmed by Genera during the June 25, 2026 Virtual Technical Conference. Thereafter, in the June 30 Order, the Energy Bureau stated that:

> El Negociado de Energía **SUBRAYA** que cuenta con mecanismos regulatorios para mitigar cualquier impacto sobre el flujo de efectivo que pueda tener el diferimiento, incluyendo la facultad de ordenar a la Autoridad retener de los pagos correspondientes a los suplidores, aquellas cuantías que permanezcan en controversia, evitando así que se desembolsen fondos cuya responsabilidad aún no ha sido determinada.

June 30 Order at p. 12.

IV. Authority of the Energy Bureau regarding Reconciliations

This submission concerning the June, July, and August 2026 FCA and PPCA quarterly reconciliation and proposed factors for the FCA, PPCA and FOS riders pertains to the Energy Bureau's authority under Act 57-2014, as amended by Act 17-2019, to "review and approve and, if applicable, modify the rates or fees charged by electric power service companies in Puerto Rico or the contractor of the transmission and distribution system of Puerto Rico in connection with any matter directly or indirectly related to the provision of electric power services." 22 LPRA § 1054(b)(n). Additionally, the Energy Bureau possesses the authority to "formulate and implement strategies to achieve the objectives of this Act, including, but not limited to, attaining the goal of reducing and stabilizing energy costs." *Id.* at § 1054(b)(f).

The quarterly filing of reconciliations and calculated factors is due in the second week of the third month of each quarter, and the calculated factors, approved by this Energy Bureau, become effective in the first month of the succeeding quarter.

The quarterly reconciliations also include, when applicable and as ordered by the Energy Bureau, any unreconciled amounts from the previous quarter if the factors were not adjusted during that period.

V. Calculated FCA, PPCA, and FOS Factors

1. FCA

The FCA is a reconciling tariff mechanism that recovers the costs of fuel consumed in PREPA's generating units on a quarterly basis. *See* PREPA Tariff Book at pp. 52-53. The FCA applies to all the PREPA tariffs, except for the RHR tariff (RFR by its Spanish acronym) applicable to residents of public complexes owned by the Public Housing Administration. The formula for calculating the FCA factor is:

$$\text{FCA} = \frac{\text{Total Cost of Fuel} + \text{Prior Period Reconciliation}}{\text{Total Applicable Net Retail kWh Sales}}$$

Id.

The total cost of fuel is the cost of fuel purchased for all PREPA's generation facilities for the three forecasted months in the quarterly period. *Id.* The prior period reconciliations are the under- or over-recovered funds for the first two months of the current quarter and the last month of the previous quarter. *Id.* LUMA, on behalf of PREPA, provides the estimates of the reconciling balance with each proposed quarterly filing of the FCA. *Id.* Finally, the applicable net retail kWh sales include the sale of energy to all customer classes, including the net metering clients. *Id.*

2. PPCA

The PPCA is a reconciling tariff mechanism that recovers the costs of purchased power from private generators. *Id.* at pp. 54-56. The PPCA applies to all the PREPA tariffs, except for the RHR tariff (RFR by its Spanish-language acronym) (applicable to residents of public complexes owned by the Public Housing Administration). The formula for calculating the PPCA factor is:

$$\text{PPCA} = \frac{\text{Total Costs Purchased Power} + \text{Prior Period Reconciliation}}{\text{Total Applicable Net Retail kWh Sales}}$$

Id.

The total cost of purchased power is the cost of the energy and capacity resources purchased from private generators for the three forecasted months in the quarterly period. *Id.* The prior period reconciliations are the under- or over-recovered funds for the first two months of the current quarter and the last month of the prior quarter. *Id.* LUMA shall provide the estimated reconciling balance with each proposed quarterly filing of the PPCA. *Id.* Finally, the applicable net retail kWh sales include the sale of energy to all customer classes, including the net metering clients. *Id.*

3. FOS

The FOS applies to certain general residential services tariffs (GRS, by its English-language acronym), including disabled persons, elderly persons, and university students, tariffs for special residential services (LRS, by its English-language acronym), and residential services for public projects (RH3, by its English-language acronym). *Id.* at pp. 57-58. This fuel subsidy applies to monthly consumption that does not exceed 500 kWh. It is calculated quarterly.

For the first $30 per barrel of fuel, excluding natural gas, clients will receive a credit equivalent to the subsidy factor multiplied by the customer's monthly consumption of up to 400 kWh. *Id.* Customers who consume between 401 kWh and 425 kWh will receive a credit equivalent to a consumption of 400 kWh. *Id.* Finally, for customers that consume between 426 kWh and 500 kWh, the credit will be progressively reduced to 425 kWh to reach 0 kWh or 500 kWh. *Id.*

VI. Reconciliations of FCA and PPCA for June 1, 2026, through August 31, 2026

1. FCA and PPCA Riders

The reconciliations submitted with this Motion in the file entitled "FCA-PPCA Reconciliation Jun-Jul-Aug 2026.xlsx" include the reconciliations of the FCA and PPCA riders (costs versus revenues) and the amounts to be recovered or returned for each of these riders. For the quarter, there was a total FCA revenue insufficiency of $131,650,334.94 and a total PPCA excess revenue of $2,484,637.34.

a. FCA

For the month of June 2026, total fuel costs, including prior period adjustments, amounted to $180,353,587.02, while revenues totaled $160,133,222.24. There was a credit pertaining to a Naturgy Shortfall Credit of $5,038,359.56, resulting in a revenue insufficiency of $15,182,005.22.

For the month of July 2026, total fuel costs, including prior period adjustments, amounted to $222,710,929.37, while revenues totaled $163,484,605.75. There was a credit pertaining to a Naturgy Shortfall Credit of $3,999,202.46, resulting in a revenue insufficiency of $55,227,121.16.

For the month of August 2026, total fuel costs, including prior period adjustments, amounted to $224,087,460.72, while revenues totaled $162,846,252.16, resulting in a revenue insufficiency of $61,241,208.56.

b. PPCA

For the month of June 2026, total purchased power costs amounted to $63,535,363.82, while revenues totaled $62,721,204.18, resulting in a revenue insufficiency of $814,159.64.

For the month of July 2026, total purchased power costs amounted to $72,815,007.62, while revenues totaled $74,049,154.72, resulting in excess revenues of $1,234,147.10.

For the month of August 2026, total purchased power costs amounted to $71,847,884.94, while revenues totaled $73,912,534.82, resulting in excess revenues of $2,064,649.88.

2. CBES Program

Through a Resolution and Order issued on July 31, 2023, the Energy Bureau directed LUMA to contemplate recovery through the PPCA, as part of the proposed calculated PPCA factor, of the costs associated with the CBES Program. In compliance with this order, LUMA herein submits costs pertaining to the CBES Program.

The CBES costs pertaining to the prior period, amounting to $8,118,339.03, are included within the reconciliation summary in Attachment 4 of the "Oct_Dec_2026 Proposed_Factors.xlsx" (see line item under the Purchased Power adjustment clauses). LUMA clarifies that, due to the timing of LUMA's monthly financial closings, CBES costs reported herein have a one-month delay. For example, the PPCA reconciliation for the month of June 2026 includes CBES costs for May 2026, and so forth.

LUMA would like to highlight that the system availability changed significantly in July 2026 due to forced outages and degraded capacity in the generation fleet managed by Genera, EcoEléctrica and AES. This situation persisted throughout August 2026. During July 2026, there were seventeen (17) load-shedding events; this represented thirteen (13) additional events when compared to June 2026. As a result, LUMA had to activate the CBES program at levels exceeding those forecasted in the PPCA projections submitted for FY2027 Q1 on June 15, 2026.

Detailed cost breakdowns and forecasts are available in the "CBES Program Costs & Forecasts" tab within the "Oct_Dec_2026 Proposed_Factors.xlsx."

3. Warmer Weather (Cooling Degree Days) – Impact to System Load

As LUMA stated in its submission of August 18, 2026,[3] the data show that after May 2026, customers required increased generation due to warmer temperatures compared with the same months of the prior year. Weather conditions directly affected load, as measured by Cooling Degree Days ("CDD"), which quantifies how much temperatures exceed 65°F and indicates heightened cooling needs. Higher CDD values correspond to increased electricity consumption and higher peak demand.

In June 2026, gross generation increased by approximately 0.5% above the forecast and 3% above the level observed in June of the prior year, driven primarily by elevated CDD. In July 2026, CDD values reached the second-highest level recorded in Puerto Rico's history, resulting in a substantial increase in gross generation and consumption, both approximately 12% above expected levels. These outcomes are consistent with stronger cooling demand and a normal weather-driven load response.

[3] *See LUMA's Motion to Submit Informative Report Regarding CBES, PPCA, FCA, and Cash Situation*, Exhibit 2, (P.R. Energy Bureau Aug. 18, 2026).

4. ASAP Implementation Costs

Through a Resolution and Order dated March 5, 2025, the Energy Bureau approved the ASAP Program Implementation Plan and the ASAP Program Expenditure Collection, Reporting & Recovery Procedure. See *In re LUMA's Accelerated Storage Addition Program,* Case No. NEPR-MI-2024-0002, Resolution and Order (P.R. Energy Bureau March 5, 2025).

With respect to costs recoverable through the PPCA, on December 19, 2025, the Energy Bureau approved the recovery of previously incurred ASAP Implementation costs totaling $1,142,595.40, corresponding to expenditures incurred between September and November 2025. At that time, the Energy Bureau did not consider or approve any projected costs for the subsequent quarter (*i.e.*, 3rd quarter).

On December 22, 2025, LUMA requested authorization to extend the use of the 2025 ASAP budget into calendar year 2026, citing unforeseen delays that materially impeded progress on several critical activities originally scheduled for completion in 2025. *See In Re: LUMA's Accelerated Storage Addition Program,* LUMA's *Motion to Request Extension of ASAP Budget to Calendar Year 2026*, Case No. NEPR-MI-2024-0002 (P.R. Energy Bureau December 22, 2025). Specifically, these delays prevented the timely completion of Phase 1 System Impact Studies, Phase 2 Facility and System Impact Studies, as well as the finalization of documentation required for the execution of the Standard Offer Agreements.

The Energy Bureau granted LUMA's request, authorizing the use of the remaining 2025 ASAP budget during calendar year 2026 and permitting LUMA to continue reporting both incurred and forecasted costs through its quarterly PPCA filings through December 31, 2026. *See In Re: LUMA's Accelerated Storage Addition Program,* Case No. NEPR-MI-2024-000, Resolution and Order (P.R. Energy Bureau January 14, 2026). The Energy Bureau expressly reiterated that only

"Optimistic Case" forward-looking expenses would be eligible for approval and underscored LUMA's obligation to fully justify all ASAP-related expenditures submitted for recovery through the PPCA mechanism. *See id.* at p. 3.

Consistent with that authorization, the total ASAP Implementation Program costs incurred between June 2026 and August 2026, included in the PPCA reconciliation, amounted to the expenses itemized on page 3 of Exhibit 1. The total forecasted costs for the quarterly period are detailed on page four (4) of Exhibit 1.

Additional detail regarding these expenditures is set forth in the tab entitled "ASAP Implementation Program" in the "Oct_Dec_2026 Proposed_Factors.xlsx" and "Exhibit 1_ASAP Costs Breakdown_September 2026 Quarterly Filing.docx."

VII. Fuel Data and Costs

LUMA, in accordance with the System Operation Principles, as Operator and agent for Owner, is responsible for the following functions: (i) dispatch, schedule and coordinate Power and Electricity from available generation assets and provide related services; (ii) coordinate the scheduling of load requirements and Power and Electricity with IPPs pursuant to their respective Generation Supply Contracts and with GenCo pursuant to the GridCo-GenCo PPOA[4]; (iii) implement and apply, on a continuous basis on the relevant time basis applicable, the System Operation Principles in order to ensure and coordinate the delivery of Power and Electricity; (iv) develop load and energy forecasts (including daily forecasts), scheduling requirements and capacity requirements taking into consideration unit outages; (v) request and consider information with respect to operational constraints; and (vi) perform any other services related

[4] When the parties entered into this agreement in 2023 it was identified as the Puerto Rico PREPA-Genco-Hydroco Operating Agreement.

to the dispatch, scheduling or coordination of Power and Electricity from existing and future available generation assets.

Consistent with these responsibilities, LUMA does **not** procure fuel, set fuel prices, or develop fuel cost projections. Rather, in order to calculate the FCA factor, LUMA requests that Genera provide the certified data that affects the FCA clause, as well as any applicable fuel credits or limitations, no later than five (5) business days into the month. In response, Genera furnishes LUMA the fuel consumption report, the generation report, the plant inventory, the fuel purchases report, the Henry Hub index data, weight-average reports, the fuel price forecasts, scheduled generation units' maintenance, and any additional information that will impact fuel costs. This information is generated, maintained, and controlled exclusively by Genera, not by LUMA.

These reporting obligations are consistent with Section 3.5(c)(ii-iii) of the Puerto Rico PREPA-Genco-Hydroco Operating Agreement, dated June 19, 2023 (the "PGHOA"), which requires Genco and Genco Operator:

> (ii) Not later than nine (9) Business Days following the end of each month, Genco or Genco Operator shall provide Administrator, with copy to T&D Operator, with (A) a full accounting setting forth in reasonable detail the Fuel Costs actually incurred and paid using the funds transferred into the Genco Fuel Account or the Other Genco Fuel Accounts during the prior month and (B) a written certification that all such Fuel Costs are Generation Pass-Through Expenditures.
> (iii) Genco and Genco Operator shall prepare and submit to T&D Operator such information and documents as T&D Operator may reasonably request in order for T&D Operator to comply with PREB rate filing requirements, including pricing information and fuel inventory. Genco and Genco Operator shall provide such documents and information to T&D Operator at such times as such Parties may mutually agree, but in no event later than seven (7) Business Days prior to the time T&D Operator is required to file such documents or information with PREB.

For purposes of the present quarterly submission, on September 9, 2026,[5] Genera provided the fuel prices, natural gas supply assumptions and the scheduled maintenance for the generating units. Genera also provided the following statement regarding the assumptions underlying these fuel costs:

> Commodities market index pricing data available as of today. Market volatility, speculation, and worldwide events greatly influence commodities indexes, as is the case for Fuel Oil #6, ULSD and Natural Gas. Current Middle East conflicts and international economic decisions are causing major disruptions in the fuels market. This forecast is a snapshot of conditions as of today.

All fuel-related data used in the FCA calculation has been provided exclusively by Genera. LUMA's role is strictly limited to incorporating this information into the calculation of the FCA factor, consistent with its obligations as the T&D Operator. LUMA neither develops nor validates fuel prices, fuel forecasts, or fuel procurement assumptions, and therefore bears no responsibility for the accuracy or completeness of the fuel data provided by Genera. Accordingly, LUMA respectfully submits that inquiries or requests for clarification regarding fuel costs or projections must be directed to Genera.

While LUMA is responsible for operating the system control center pursuant to the T&D OMA, its performance of economic and safe dispatch necessarily relies on the availability of generating units and fuel cost information provided by Genera and the independent power producers ("IPP"). LUMA does not control the availability of generation resources. Rather, it models and executes dispatch decisions based on (i) the availability of Genera and IPP units

[5] That is, four (4) business days before the deadline established by the Energy Bureau to submit the reconciliations and calculated factors. The PGHOA requires this information to be submitted seven (7) business days before the deadline established by PREB. These delays substantially hinder LUMA's ability to conduct all the required processes and calculations to submit reconciliations and calculated factors, including revisions and re-runs, if required.

provided by Genera and IPPs, (ii) the fuel cost and operational inputs supplied by those entities and (iii) the safe and reliable operation of the T&D System.

VIII. FCA, PPCA and FOS Calculated Factors

The Excel spreadsheet titled "Oct_Dec_2026 Proposed_Factors.xlsx" includes the proposed FCA, PPCA, and FOS factors. FCA and FOS are presented in "Attachment 1," and the PPCA factor is presented in "Attachment 2." Attachment 5 has been updated to reflect the proposed Annual Riders as approved by the Energy Bureau on June 30, 2026. Attachment 8 has been updated to reflect the new rates, as approved by the Energy Bureau in the Final Resolution and Order on Electricity Rates, and the proposed FCA and PPCA factors.

LUMA respectfully submits for the Energy Bureau's review and consideration the following factors applicable from October 1, 2026, to December 31, 2026:

Adjustment Clause	Factor ($/kWh)
FCA	$0.180736
PPCA	$0.045771
FOS	$0.021136

IX. Documents Filed in Support of the Quarterly Reconciliation and Calculated FCA, PPCA, and FOS

A. Confidential Folder

1. Precio Ponderado Analisis _ 2026.8.31.xlsx
2. Oct_Dec_2026 Proposed_Factors.xlsx
3. FCA-PPCA Reconciliation Jun-Jul-Aug 2026.xlsx

B. Public Folder

1. Inventory (Fuel) – August 31, 2026:
2. GPR_Fuel Inventory_Weighted Average Price Report_PREPA

SYSTEM_2026.08.31.pdf

3. Precio Ponderado Analisis _ 2026.8.31_Values.xlsx
    a. AGUIRRE_TK Inventory_Full Report_2026.08.31.pdf
    b. CAMBALACHE_TK Inventory_Full Report_2026.08.31.pdf
    c. COSTA SUR_TK Inventory_Full Report_2026.08.31.pdf
    d. DAGUAO_TK Inventory_Full Report_2026.08.31.pdf
    e. JOBOS_TK Inventory_Full Report_2026.08.31.pdf
    f. MAYAGÜEZ_TK Inventory_Full Report_2026.08.31.pdf
    g. PALO SECO_TK Inventory_Full Report_2026.08.31.pdf
    h. SAN JUAN_TK Inventory_Full Report_2026.08.31.pdf
    i. YABUCOA_TK Inventory_Full Report_2026.08.31.pdf
4. Oct_Dec_2026 Proposed_Factors_Values.xlsx
5. FCA-PPCA Reconciliation Jun-Jul-Aug 2026_Values.xlsx

The files are attached to this motion as Exhibit 2.

X. Compliance with June 25, 2026 Bench Order Regarding Power Purchase Agreements Force Majeure Notifications

During the June 25 Conference, the Energy Bureau inquired as to who is the party designated to receive force majeure notifications under each power purchase agreement. The Energy Bureau entered a Bench Order directing LUMA to respond to said inquiry in connection with this submission. In compliance with the Bench Order, LUMA respectfully submits as Exhibit 3 a table identifying the designated notice party for force majeure purposes under each power purchase agreement for which a project is currently in service.

XI. Compliance with Energy Bureau Directive on Bad Debt Factor

The Final Resolution and Order on Electricity Rates establishes a methodology for addressing revenue shortfalls resulting from customer non-payment, a concept denominated as the "bad-debt factor." As the Energy Bureau explained, "[w]hen customers fail to pay their bills—

whether partially, late, or not at all—the utility faces cash shortfalls that threaten its ability to operate. Given the likelihood of unpaid bills, a utility revenue requirement will typically include an allowance for uncollectible accounts expense, sometimes called bad-debt expense. Placing this expense into the revenue requirement, which causes paying customers to cover the gap created by nonpaying customers, helps to ensure that the utility's actual revenue matches its needs." *See In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. NEPR-AP-2023-0003, Final Resolution and Order on Electricity Rates, Chapter Six, at 5 (P.R. Energy Bureau April 15, 2026) ("Final Rate Order").

In the Final Rate Order, the Energy Bureau determined that a bad-debt factor of 1.51% represents the appropriate allowance for uncollectible accounts expense based on the three-year average (FY23–FY25) of recorded bad-debt expense (net of extraordinary write-offs) as a percentage of net operating revenues. *Id.* at pp. 11-12. The Energy Bureau applied this 1.51% bad-debt factor to the base-rate revenue requirement for FY27 and FY28. *Id*. at p. 11. Critically, the Energy Bureau expressly stated that it "recognize[s] that to prevent under-recovery, it will have to apply the same bad-debt factor to the revenues that flow from the various riders" and confirmed it would "address that matter promptly in proceedings relating to the riders and apply that approach to FY27 and subsequent years." *Id*. This language confirms the Energy Bureau's intent to extend the bad-debt factor to rider revenues, including the FCA, PPCA and FOS, to prevent under-recovery. LUMA respectfully requests that the Energy Bureau implement this determination forthwith by applying the 1.51% bad-debt factor to the October-December 2026 quarterly factors.

The application of the bad-debt factor assumes particular importance in the context of the FCA, which recovers the majority of expenses collected through the quarterly riders. As has been demonstrated throughout recent quarters, fuel costs are subject to significant noise driven by multiple factors: commodity price fluctuations in global energy markets (*e.g.*, changes in international oil prices following the June 2026 U.S.-Iran agreement, *see* Resolution and Order (P.R. Energy Bureau June 18, 2026)); geopolitical events affecting fuel markets (*e.g*., the Iran conflict and the Jones Act exemption granted by President Trump, *see* Resolution and Order (P.R. Energy Bureau March 24, 2026)); variations in the dispatch of generating units based on real-time operational needs; and the consequent unpredictability of which fuels will be consumed in any given period. Moreover, the actual utilization of specific generating units frequently diverges from forecasted dispatch schedules due to changes in system demand, unit availability, and economic dispatch optimization. These factors, compounded by the incidence of forced outages across the Electric System's generating fleet, contribute substantially to forecast variance. For example, in July 2026, the variance between projected fuel costs and actual fuel costs was approximately $55,172,713.10, representing a 31.7% variance from the month forecast, illustrating the magnitude of under-recovery that the bad-debt factor is designed to address.

Moreover, a structural timing mismatch exists between the amounts recovered from customers and the amounts actually expended. The FCA reconciliation procedure calculates recoverable amounts based on fuel consumed or burned during a given period,[6] whereas actual cash expenses occur when fuel is purchased and stored,[7] often in advance of consumption. By way of illustration, if in a given month a substantial quantity of fuel is purchased and paid for to establish adequate inventory, but only a fraction of that fuel is actually consumed, the reconciliation mechanism provides that only the consumed portion is recovered through the rider

[6] The FCA "is a reconciliation mechanism that recovers the cost of fuel **consumed** in the PREPA generating units on a quarterly basis." *See* PREPA Tariff Book at p. 53 (emphasis and translation provided).

[7] "The cost of fuel **purchased** for all generation plants of the Authority for the three (3) projected months in the quarterly period. The estimated costs shall be presented on a monthly basis and shall include all details regarding the type of fuel projected to be consumed." *Id.* (emphasis and translation provided).

at that time. The full expenditure for the purchased fuel is not recovered until subsequent periods when the stored fuel is consumed, creating a cash-flow gap that the bad-debt factor helps to mitigate. Additionally, the Electric System experiences fluctuation arising from replacement fuel procurement (*e.g.*, in March through May 2026, supplier delivery shortfalls by NFEnergía and Naturgy resulted in $13.29 million in incremental fuel costs from the need to procure more costly alternative fuel sources, *see* Resolution and Order, at pp. 11-12 (P.R. Energy Bureau June 30, 2026)). When fuel purchased from one supplier is not delivered as contracted, the buyer, which in this case is the operator of the PREPA fossil-fueled generating units, must procure make-up or back-up fuel from alternative sources, often at premium prices or on expedited terms. The Energy Bureau has not permitted recovery of certain expenses incurred.for such replacement fuel while potential claims against the non-delivering supplier are resolved. As Commissioner Ramos Soegaard observed in his dissent to the June 30 Order, these deferrals aggravate the Electric System's liquidity, and if claims are ultimately resolved against the Electric System, customers could face significantly higher charges in a subsequent quarter. *See* Dissenting Opinion of Commissioner Ramos Soegaard, Resolution and Order (P.R. Energy Bureau June 30, 2026). These unrecovered expenditures further exacerbate the timing mismatch between costs incurred and amounts recovered, underscoring the necessity of applying the bad-debt factor to rider revenues to ensure adequate liquidity and prevent cumulative under-recovery.

XII. Request for Confidential Treatment of Excel Files and Supporting Memorandum of Law

The information redacted from Exhibit 1 and the confidential Excel files listed in Section IX(A), *supra*, include confidential costs and Excel spreadsheets submitted in native format (xlsx) and with formulae intact, respectively. They include formulae and original calculations by LUMA personnel that reveal confidential procedures. They also include sensitive commercial information belonging to LUMA and PREPA that are thus protected by law from disclosure, and that should not be disclosed in native form.

A. Applicable Laws and Regulations to Submit Information Confidentially to the Energy Bureau

The bedrock provision on the management of confidential information filed before the Energy Bureau is Section 6.15 of Act 57-2014, known as the "Puerto Rico Energy Transformation and Relief Act." It provides, in pertinent part, that: "if any person who is required to submit information to the Energy [Bureau] believes that the information to be submitted has any confidentiality privilege, such person may request the Commission to treat such information as such …." 22 LPRA § 1054n. If the Energy Bureau determines, after appropriate evaluation, that the information should be protected, "it shall grant such protection in a manner that least affects the public interest, transparency, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted." *Id.* at § 1054n(a).

Relatedly, in connection with the duties of electric power service companies, Section 1.10(i) of Act 17-2019 provides that an electric power service company shall provide information requested by customers, except for confidential information in accordance with the Rules of Evidence of Puerto Rico.

Access to the confidential information shall be provided "only to the lawyers and external consultants involved in the administrative process after the execution of a confidentiality agreement." *Id.* at § 1054n(b). Finally, Act 57-2014 provides that this Energy Bureau "shall keep the documents submitted for its consideration out of public reach only in exceptional cases. In these cases, the information shall be duly safeguarded and delivered exclusively to the personnel of the [Bureau] who needs to know such information under nondisclosure agreements. However, the [Bureau] shall direct that a non-confidential copy be furnished for public review." *Id.* at § 1054n(c).

The Energy Bureau's Policy on Confidential Information details the procedures a party should follow to request that a document or portion thereof be afforded confidential treatment. In essence, the referenced Policy requires the identification of the confidential information and the … filing of a memorandum of law explaining the legal basis and support for a request to file information confidentially. *See In Re: Política Sobre el Manejo de Información Confidencial en los Procedimientos ante la Comisión*, Case No. CEPR-MI-2016-0009, Resolución, (P.R. Energy Bureau August 31, 2016, as amended on September 16, 2016). The memorandum should also include a table that identifies the confidential information, a summary of the legal basis for the confidential designation, and the reasons why each claim or designation conforms to the applicable legal basis of confidentiality. *Id.* at paragraph 3. The party that seeks confidential treatment of information filed with the Bureau must also file both a "redacted" or "public version" and an "unredacted" or "confidential" version of the document that contains confidential information. *Id.* at paragraph 6.

The aforementioned Energy Bureau policy on the management of confidential information in procedures states the following with regard to access to validated Trade Secret Information:

> 1. Trade Secret Information
>
> Any document designated by the [Energy Bureau] as Validated Confidential information because it is a trade secret under Act 80-2011 may only be accessed by the Producing Party and the [Bureau], unless otherwise set forth by the [Bureau] or any competent court.

Id. at Section D (on Access to Validated Confidential Information).

Relatedly, the Energy Bureau's Regulation No. 8543, *Regulation on Adjudicative, Notice of Noncompliance, Rate Review, and Investigation Proceedings* (December 18, 2014), includes a provision for filing confidential information in adjudicatory proceedings before this honorable Bureau. To wit, Section 1.15 provides that "a person has the duty to disclose information to the [Bureau] considered to be privileged information, request the [Bureau] the protection of said information, and provide supportive arguments, in writing, for a claim of information of privileged nature. The [Energy Bureau] shall evaluate the petition and, if it understands [that] the material merits protection, proceed accordingly to … Article 6.15 of Act No. 57-2014, as amended."

B. Grounds for Confidentiality

Under the Industrial and Trade Secret Protection Act of Puerto Rico, Act 80-2011, P.R. Laws Ann. Tit. 10 §§4131-4144, 10 LPRA §§4131-4144, industrial or trade secrets are deemed to be any information:

> (a) That has a present or a potential independent financial value or that provides a business advantage, insofar as such information is not common knowledge or readily accessible through proper means by persons who could make a monetary profit from the use or disclosure of such information, and
> (b) for which reasonable security measures have been taken, as circumstances dictate, to maintain its confidentiality.

Id. at § 4131, Section 3 of Act 80-2011.

Trade secrets include, but are not limited to, processes, methods, mechanisms, manufacturing processes, formulas, projects, or patterns to develop machinery and lists of specialized clients that may afford an advantage to a competitor. *See* Statement of Motives, Act 80-2011. As explained in the Statement of Motives of Act 80-2011, protected trade secrets include any information bearing commercial or industrial value that the owner reasonably protects from disclosure. *Id.*; *see also* Article 4 of Puerto Rico's Open Data Law, Act 122-2019, P.R. Laws Ann. Tit. 3 § 9894, 3 LPRA § 9894 (exempting the following from public disclosure: (1) business or financial information whose disclosure has been proven would cause substantial competitive harm to the person from whom the information was obtained; (2) trade secrets protected by a contract, statute or judicial decision; (3) private information of third parties).

The Puerto Rico Supreme Court has explained that the trade secrets privilege protects free enterprise and extends to commercial information that is confidential in nature. *Ponce Adv. Med. v. Santiago Gonzalez*, 197 DPR 891, 901-02 (2017) (citation omitted).

The Excel spreadsheets submitted today in native form and with formulae intact in the file entitled *Confidential* are protected as trade secrets. They have commercial value to LUMA and PREPA as they reveal confidential processes and analysis to produce calculations in support of the public filings of the proposed rider factors. LUMA and PREPA keep and maintain these native files confidentially and do not disclose them to the public or unauthorized third parties.

LUMA appreciates the importance of placing the Energy Bureau in the position of reviewing the reconciliations and fixing the annual factors. However, to avoid future competitive harms that could ensue if original format spreadsheets with formulae and calculations are publicly disclosed, LUMA respectfully requests that the Excel files submitted today in the file entitled *Confidential* be received, kept, and maintained confidentially by this Energy Bureau.

The redacted figures in Exhibit 1 and the confidential spreadsheets included as Exhibit 2 are: (1) documents with commercial and financial value, and (2) involve data that is not common knowledge or readily accessible by third parties who may seek to profit from the data or gain commercial advantages. The spreadsheets are business documents showing processes, methods, and mechanisms that garner protection under Act 80-2011. They are original documents that have not been disclosed to third parties and whose disclosure would reveal sensitive and private commercial processes employed by LUMA and PREPA. The disclosure of this sensitive commercial information would place LUMA and PREPA in vulnerable and disadvantageous commercial positions that could affect LUMA customers and impact rates. Reasonable measures have been taken to protect the files from disclosure and avoid unauthorized access by third parties that could seek to gain commercial advantages. It is respectfully submitted that the spreadsheets included in the folder entitled *Confidential* are trade secrets protected from public disclosure by Act 80-2011.

XIII. Conclusion

WHEREFORE, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned, **accept** the filing of the quarterly reconciliation for June, July, and August 2026, and the calculated quarterly rider factors to take effect on October 1, 2026; and **grant** the request to keep under seal the figures in Exhibit 1 and the spreadsheets that have been filed in Excel format and with formulae in the folder entitled *Confidential* that is submitted with this Motion.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, this 15th day of September 2026.

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CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of September, 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,
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rcruzfranqui@gmlex.net,
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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 15th day of September 2026.

/s/ Katiuska Bolaños Lugo
Katiuska Bolaños Lugo

Exhibit 1

Accelerated Storage Addition Program Memorandum

Exhibit 2

Quarterly Reconciliation and Quarterly Riders
Supporting files to be submitted via email

Exhibit 3

Power Purchase Agreements Force Majeure Notice Parties