

**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 of LUMA's Motion for Reconsideration of the August 19, 2026 Resolution and Order; Clarification of the Energy Bureau-Approved FY 2027 GridCo Budget (Appendix A); and Allocation of \$262,500 from the Unallocated Balance of the FY26 Reconciliation Amount

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 ("T&D") 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 Those revenue requirements fund the operating and non-federally funded capital expenditures that the Energy Bureau determined, department by department and program by program, to be necessary for GridCo in FY 2027 (the "Budget Determinations").³ The budget oversight framework that governs this docket requires annual budget examination and prior Energy Bureau approval of reallocations exceeding the five-percent (5%) threshold, calculated at the individual department or portfolio level within each approved budget—not at the aggregate category level—and of any reallocation between the Operating Budget, the Non-Federally Funded Capital Budget and the Federally Funded Capital Budget, regardless of amount.⁴

On June 15, 2026, the Energy Bureau issued in this docket a Resolution and Order titled, *Presentation of the FY2026 Budgets, Amendment of the FY2027 Budget, Establishment of LUMA and Genera Contingency Accounts, and Disposition of Genera's June 9 Motion* ("June 15 Order"), through which the Energy Bureau established a contingency reserve account for each of LUMA and Genera PR LLC ("Genera") in the amount of \$30 million and for the Puerto Rico Electric Power Authority ("PREPA") in the amount of \$1 million (collectively, the "Contingency Reserve Accounts"), funded from the FY26 Reconciliation Amount.⁵ The June 15 Order limits the use of the Contingency Reserve Accounts to expenditures incurred in

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 The Budget Determinations are the Energy Bureau's department-, subdepartment- and program-level determinations underlying the revenue requirements approved for FY 2027, from which the amounts in Appendix A to the August 19 Order (defined below) were derived. Where a Budget Determination states a level or a formula (e.g., "the approved FY 2025 level, increased by 1.8%," or "LUMA's Constrained Budget") rather than a dollar figure, Appendix A reflects the Energy Bureau's computation of that level from the approved FY 2025 GridCo budgets and from LUMA's own schedules.

⁴ Order *In re: LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, May 31, 2021, at 3; Resolution and Order, *In re: LUMA's Initial Budget*, Case No. NEPR-MI-2021-0004, June 29, 2023, at 2; Resolution and Order, *In re: LUMA's Initial Budget* Case No. NEPR-MI-2021-0004, July 17, 2024, at 2-3.

⁵ June 15 Order, pp. 2-3.



response to extraordinary events, force majeure events, major weather-related events, catastrophic equipment failures, significant unplanned outages, or other unforeseen circumstances requiring urgent corrective action to prevent, mitigate, respond to, or recover from material disruptions to electric service.⁶ Following the establishment of the Contingency Reserve Accounts, a balance of \$37,747,153 of the FY26 Reconciliation Amount remained unallocated (“Unallocated Balance”).⁷

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”), in which LUMA stated that, having reconstructed the FY 2027 GridCo budget by aggregating the Energy Bureau’s individual budget determinations, it had identified a total allocation of \$990.3 million against the \$982.7 million of GridCo operating and maintenance expenses shown in the FY 2027 Certified Budget, and asked the Energy Bureau to take notice of the resulting \$7.6 million discrepancy and to approve a reapportionment of that amount from the LUMA Contingency Reserve Account—reducing it from \$30.0 million to \$22.43 million—to the GridCo labor and non-labor operating expense categories or, alternatively, to identify a mechanism to reconcile the discrepancy.⁸

On August 19, 2026, the Energy Bureau issued a Resolution and Order (“August 19 Order”) through which determined that no variance exists: the FY 2027 GridCo budget approved within the framework of this docket comprises 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, totaling \$982.69 million, and the FY 2027 Certified Budget reflects those same amounts.⁹ To provide the consolidated presentation LUMA stated was absent, and to eliminate any ambiguity in the aggregation of the individual budget determinations, the August 19 Order set forth in its Appendix A a consolidated table specifying, by expense component, the approved FY 2027 GridCo budget in one hundred twenty-six (126) numbered lines, which reflects the revenue requirements approved by the Energy Bureau, as reflected in the FY 2027 Certified Budget.¹⁰ The August 19 Order denied LUMA’s request to reapportion \$7.6 million from the Contingency Reserve Account, because the request rested on an incorrect premise—the existence of a variance—and because the Contingency Reserve Account was funded for contingencies arising during FY 2027, so that diverting \$7.6 million from it 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.¹¹

On September 4, 2026, LUMA filed a document titled, *LUMA’s Motion for Reconsideration of the August 19th Order* (“Reconsideration Motion”), accompanied by Exhibit 1 (*LUMA’s Reconsideration Request of August 19 Order*) and Attachment 1, a workbook titled *Rate Case R&O vs PREB file for FY2027.xlsx*, in which LUMA reconstructs the FY 2027 GridCo budget

⁶ *Id.*, p. 3.

⁷ *Id.*, p. 4. The Unallocated Balance is carried in the FY 2027 budget for PREPA certified by the Financial Oversight and Management Board for Puerto Rico (“FOMB”) on June 26, 2026 as “FY26 Unallocated Reconciliation Funds.” FOMB, Resolution Certifying the FY2027 Budget for PREPA (June 26, 2026), Appendix A, p. A-4, line F (the “FY 2027 Certified Budget”).

⁸ July 9 Motion, pp. 4–5; August 19 Order, pp. 1–2. The July 9 Motion did not set forth the calculation, line-item composition or supporting schedules through which LUMA derived its \$990.3 million figure. August 19 Order, p. 2.

⁹ August 19 Order, p. 2. The FY 2027 Certified Budget presents GridCo in the same components. FY 2027 Certified Budget, Appendix A, pp. A-2 to A-4.

¹⁰ August 19 Order, p. 2 and Appendix A, pp. 4–7.

¹¹ August 19 Order, pp. 2–3.



from the Budget Determinations and from LUMA's own regulatory budget schedules.¹² LUMA asks the Energy Bureau to amend Appendix A to conform with LUMA's reconstruction. LUMA quantifies the alleged variance as approximately \$8.6 million in T&D operating expenditures—all of it in the Customer Experience and Support Services departments, since LUMA concedes that the Operations and Utility Transformation departments reconcile to Appendix A with zero variance—offset by approximately \$1.0 million in non-federally funded capital, for a net of approximately \$7.6 million.¹³

The Energy Bureau has reviewed the Reconsideration Motion, Exhibit 1 and Attachment 1 against the Budget Determinations; against the regulatory budget schedules on which LUMA states it relied (LUMA Ex. 2.03 and LUMA Ex. 2.04 of October 27, 2025) and LUMA's final revenue requirement schedules of March 13, 2026 (the "March 13 Schedules");¹⁴ against LUMA's responses to the discovery that preceded the Budget Determinations; against the FY 2027 Certified Budget; and against the Energy Bureau's FY 2027 revenue requirement model from which Appendix A was built. This Resolution and Order resolves the Reconsideration Motion.

II. Discussion

A. Scope of this Resolution and Order and governing framework

The Reconsideration Motion does not challenge the revenue requirements approved by the Energy Bureau for FY 2027, nor does it ask the Energy Bureau to increase them. It asks the Energy Bureau to restate, line by line, how those fixed revenue requirements are distributed among the components of the FY 2027 GridCo budget. Unlike the July 9 Motion, the Reconsideration Motion sets forth the line-item composition of LUMA's reconstruction, which has allowed the Energy Bureau to examine each claimed difference against the record. The question before the Energy Bureau is therefore a narrow one: whether Appendix A to the August 19 Order correctly implements the Budget Determinations within the approved revenue requirements and, where LUMA identifies a difference, whether that difference requires an amendment of Appendix A or is instead a matter of budget execution within the framework that governs this docket. The determination of the August 19 Order that no variance exists between the approved FY 2027 GridCo budget and the FY 2027 Certified Budget is not disturbed by anything in this Resolution and Order: the FY 2027 Certified Budget reflects the amounts the Energy Bureau approved, and the single amendment made below is an allocation of funds already carried in the FY 2027 Certified Budget, not the recognition of a variance.

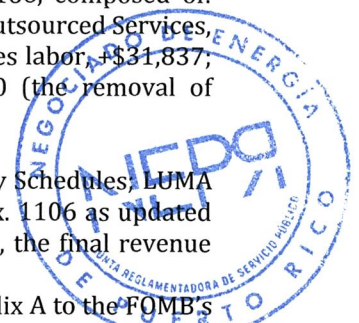
Three features of the governing framework dispose of most of what LUMA raises. First, the revenue requirements approved by the Energy Bureau for FY 2027, and with them the GridCo total that the FOMB certified, are fixed. Every dollar LUMA would add to one component of Appendix A must come from another component or from the Unallocated Balance.¹⁵ Second, the five-percent reallocation threshold is calculated at the individual

¹² Reconsideration Motion, ¶¶ 2–3 and 18; Exhibit 1, pp. 3–6 (Tables 1-1 through 1-4); Attachment 1 (tabs "CX Delta from R&O," "SS Delta from R&O," "CX BuildUp," "SS BuildUp," "UT," "Ops" and "T&D Imp Prog. Delta"). LUMA states that it traced each determination to its Optimal and Constrained budget regulatory schedules of October 27, 2025 (LUMA Ex. 2.03 and LUMA Ex. 2.04). Exhibit 1, p. 3.

¹³ Reconsideration Motion, ¶¶ 15–17; Exhibit 1, pp. 3–6. LUMA's net figure is \$7,631,166, composed of: Customer Experience labor, +\$319,425; Customer Experience Professional and Technical Outsourced Services, +\$3,808,958; other Customer Experience non-labor lines, –\$290,936 (net); Support Services labor, +\$31,837; Support Services non-labor, +\$4,749,382; and non-federally funded capital, –\$987,500 (the removal of \$1,250,000 for one PBUT1 study and the addition of \$262,500 for PBCS1).

¹⁴ LUMA Ex. 2.03 (Oct. 27, 2025), Unconstrained (Optimal) Budgets Summary – Regulatory Schedules; LUMA Ex. 2.04 (Oct. 27, 2025), Constrained Budgets Summary – Regulatory Schedules; LUMA Ex. 1106 as updated March 13, 2026 ("LUMA-Annex-1-Revenue-Requirement-Schedules-26.03.13 FINAL.xlsx"), the final revenue requirement schedules on which the approved revenue requirements rely.

¹⁵ See FY 2027 Certified Budget, Appendix A, pp. A-2 to A-4, and Sections 6 and 7 of Appendix A to the FOMB's certifying resolution (no reprogramming of the certified budget without the FOMB's written approval). The FOMB's certifying resolution expressly reserves the FOMB's right to revise the certified budget "based on future events, such as any reconsideration by PREB."



department level for the Operating Budget (Customer Experience, Operations, Utility Transformation and Support Services) and at the portfolio level for the Non-Federally Funded Capital Budget.¹⁶ Within a department, LUMA executes its approved budget without prior Energy Bureau authorization so long as reallocations among the department's components remain below five percent of the approved departmental amount; only reallocations above that threshold, and any reallocation between the three major budget categories, require prior approval. Third, the line-item amounts in Appendix A are the Energy Bureau's implementation of the Budget Determinations; where a Budget Determination states a level (for example, "the approved FY 2025 level, increased by 1.8%") rather than a dollar figure, Appendix A reflects the Energy Bureau's computation of that level from the approved FY 2025 budgets and LUMA's own schedules.

With that framework in mind, the Energy Bureau addresses LUMA's claims by department, and then the two capital items. For the reasons set out below, the Energy Bureau **CLARIFIES** Appendix A as to each claim; it **AMENDS** Appendix A in one respect only—the addition of the FY 2027 non-federally funded capital for program PBCS1, Modernize Customer Service Technology, in the amount of \$262,500—and it **DETERMINES** that every other difference LUMA identifies is either unsupported by the Budget Determinations or is of a magnitude that LUMA can and shall absorb within the approved departmental amounts without any reallocation request or amendment.

B. Customer Experience Department

Labor (Appendix A, ID 1). LUMA and the Energy Bureau begin from the same approved FY 2025 labor level of \$45,631,942.¹⁷ LUMA escalates that level by 2.5% for every subdepartment, arriving at \$46,772,742, and claims a difference of \$319,425 against the Appendix A amount of \$46,453,317. The Budget Determinations, however, approve the labor budget of the Customer Service subdepartment—by far the largest of the four Customer Experience subdepartments—"at the approved FY 2025 level, increased by 1.8% for FY 2027 and FY 2028," and approve the 2.5% escalator only for the Customer Programs, Process Development and Governance, and Customer Operations subdepartments.¹⁸ LUMA's own worksheet acknowledges as much: its author notes that "the document states that labor increases are 1.8%; however ... a 2.5% increase is applied across all sub-departments."¹⁹ LUMA's uniform 2.5% escalator is therefore contrary to the Budget Determinations, and the Energy Bureau **DENIES** reconsideration on that basis.

Appendix A applied the 1.8% escalator to the department as a whole. Applying the Budget Determinations exactly as written—1.8% to the Customer Service subdepartment and 2.5% to the other three—yields approximately \$46,532,751, or about \$79,434 above the Appendix A figure.²⁰ That amount is 0.08% of the approved Customer Experience departmental total of \$93,748,997 and is de minimis. The Energy Bureau **CLARIFIES** that the approved Customer Experience labor budget is the approved FY 2025 level escalated at the subdepartment-specific rates stated in the Budget Determinations and **DETERMINES** that

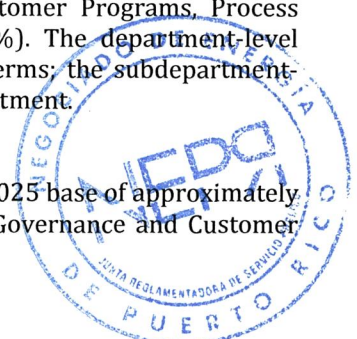
¹⁶ See note 4, *supra*. The Energy Bureau has twice corrected LUMA's attempts to calculate the threshold against aggregate category totals rather than individual departments or portfolios. Resolution and Order of June 29, 2023, at 2; Resolution and Order of July 17, 2024, at 2–3.

¹⁷ Attachment 1, tab "CX Delta from R&O," cell E9 ($\$46,772,742 \div 1.025 = \$45,631,943$); Energy Bureau FY 2027 revenue requirement model, sheet LUMA-OPERATING, row 8. The approved FY 2025 GridCo budgets are set out in Attachment B to the Resolution and Order of June 26, 2024 in this docket.

¹⁸ Budget Determinations, Customer Experience Department: Customer Service subdepartment (labor "at the approved FY 2025 level, increased by 1.8% for FY 2027 and FY 2028"); Customer Programs, Process Development and Governance, and Customer Operations subdepartments (2.5%). The department-level summary of the Budget Determinations restates the 2.5% escalator in general terms; the subdepartment-specific 1.8% determination is the operative one for the Customer Service subdepartment.

¹⁹ Attachment 1, tab "CX Delta from R&O," cell D30.

²⁰ Computation from Attachment 1, tab "CX BuildUp," row 9: Customer Service FY 2025 base of approximately \$33.89 million $\times$ 1.018, plus the Customer Programs, Process Development and Governance and Customer Operations bases (approximately \$11.74 million in the aggregate) $\times$ 1.025.



the resulting difference shall be absorbed within the approved Customer Experience departmental amount, as further provided in Part II.E below. No amendment of Appendix A is warranted.

Materials and Supplies (ID 9). LUMA's reconstruction carries this line at \$8,457, which is \$315,543 below the Appendix A amount of \$324,000. LUMA explains that, for the Customer Experience baselines, it "utilized an extract from its 2025 financial database."²¹ The Budget Determinations do not direct the use of actual spending extracted from LUMA's financial database; they approve Materials and Supplies for the Customer Service and Customer Programs subdepartments "at approved FY 2025 levels" and an 8% increase to LUMA's FY 2025 funding for the Customer Operations subdepartment.²² The approved FY 2025 level for Customer Experience Materials and Supplies is \$300,000, as LUMA's own direct testimony in support of its FY 2026–FY 2028 budget request reports.²³ Appendix A reflects that level with the 8% increase the Energy Bureau approved ($\$300,000 \times 1.08 = \$324,000$). A figure of \$8,457 is an actual-spend extract, not an approved budget level, and in any event is lower than the amount approved. The Energy Bureau **CLARIFIES** that the approved FY 2027 amount is \$324,000 and **DENIES** reconsideration as to this line.

Transportation, Per Diem and Mileage (ID 10). LUMA claims a difference of \$139 against the Appendix A amount of \$435,680, which is the approved FY 2025 level the Budget Determinations prescribe.²⁴ A difference of \$139 is within the rounding of the figures as they are presented in the budgets and the schedules; it is not a variance. No action is warranted.

Utilities and Rents (ID 11). LUMA claims a difference of \$34,018 against the Appendix A amount of \$126,000, again on the basis of its financial-database extract. The Energy Bureau **CLARIFIES** that this expense was approved at the level LUMA itself proposed for FY 2027 in its Optimal Budget—\$126,000, consisting entirely of rent—which is the lower of the two FY 2027 figures LUMA placed before the Energy Bureau for this line.²⁵ The Budget Determinations contain no determination increasing Customer Experience rent above the level LUMA proposed. Reconsideration is **DENIED** as to this line; to the extent LUMA's actual rent expense differs from the approved amount, the difference is of the same de minimis character as the labor difference addressed above and is subject to Part II.E.

Professional and Technical Outsourced Services (ID 12). This is the largest item in the Reconsideration Motion. LUMA claims a difference of \$3,808,958 against the Appendix A amount of \$46,400,000. The Budget Determinations approve "LUMA's Constrained Budget for Professional and Technical Outsourced Services for the Customer Experience Department, excluding proposed funding for the customer portal and the Net Metering Fee."²⁶ LUMA's own discovery response describes that Constrained Budget: it starts from the FY 2025 approved budget of \$35.2 million; the Energy Efficiency, Demand Response and Net Metering programs (\$40.0 million, \$33.6 million and \$1.0 million) are funded outside base rates; and the base-rate increase is \$13.5 million, consisting of payment processing fees (\$7.8 million), bill print and delivery (\$2.6 million), billing system maintenance (\$0.8 million) and

²¹ Attachment 1, tab "CX Delta from R&O," author note; Reconsideration Motion, Exhibit 1, p. 4.

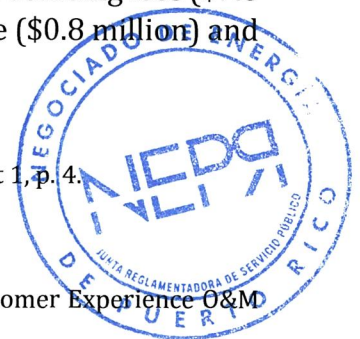
²² Budget Determinations, Customer Experience Department, Materials and Supplies.

²³ LUMA Ex. 7.00 (Direct Testimony of Sarah Hanley), p. 20, Table 1 (Summary of Customer Experience O&M Budget: FY 2025 Materials and Supplies, \$0.3 million).

²⁴ Budget Determinations, Customer Experience Department, Transportation, Per Diem and Mileage ("at the approved FY 2025 level"); Energy Bureau FY 2027 revenue requirement model, sheet LUMA-OPERATING, row 38 (\$435,679.79).

²⁵ LUMA Ex. 2.03, sheet "5.2.1 Customer Service," rows 46–47 (Rent: FY 2026 \$150,000; FY 2027 \$126,000; FY 2028 \$129,780). LUMA's Constrained Budget schedule carries the same line at \$157,500 for FY 2027. LUMA Ex. 2.04, sheet "5.2.1 Customer Service," rows 46–47; March 13 Schedules, working paper "5.2.1 CS – Constrained," row 46. Energy Bureau FY 2027 revenue requirement model, sheet LUMA-OPERATING, row 42.

²⁶ Budget Determinations, Customer Experience Department, Technical and Professional Outsourced Services.



the customer portal (\$2.3 million).²⁷ The approved amount follows directly: \$35.2 million plus \$13.5 million, less the \$2.3 million customer portal the Energy Bureau excluded, equals \$46.4 million. The \$1.0 million for Net Metering support was never part of the base-rate figure and did not need to be removed from it.

LUMA's reconstruction instead takes a Customer Operations figure of \$45.2 million, subtracts \$1.0 million for Net Metering, and then adds \$4.5 million for payment processing—which LUMA's worksheet identifies as “[t]he major difference compared to the [Energy Bureau] schedule provided.”²⁸ The \$4.5 million is not an additional allowance. It was LUMA's FY 2026 provisional-budget estimate of the very same payment-processing restoration that the Constrained Budget carries at \$7.8 million; LUMA told the Energy Bureau in discovery that the \$7.8 million “is an increase from the \$4.5 million reported in OIPC-of-LUMA-NONPHYS_OPS-46, as upon review of the full portfolio of contracts, an error was identified.”²⁹ The Budget Determination on which LUMA relies—approving “LUMA's request for \$4.5 million for Payment Processing fees”—is, on its face, a reaffirmation of the determination made in the FY 2026 provisional budget (“The Energy Bureau approved this funding in the Provisional Budget ... The Energy Bureau finds no reason to change its prior determination”), not a second, incremental approval on top of a Constrained Budget that already contains payment processing.³⁰ Adding \$4.5 million to the Constrained Budget counts the same cost twice. The Energy Bureau **CLARIFIES** that the approved FY 2027 amount for Customer Experience Professional and Technical Outsourced Services is \$46,400,000, as stated in Appendix A, and **DENIES** reconsideration as to this line.

Miscellaneous Expenses (ID 13) and Communications Expenses. LUMA's reconstruction carries Miscellaneous Expenses at zero, \$10,000 below the Appendix A amount, which is the FY 2025 actual level the Budget Determinations approve;³¹ and it includes \$450 of Communications Expenses for which Appendix A carries no Customer Experience line because LUMA did not propose that expense for base-rate funding and the Budget Determinations contain no determination on it.³² Both amounts are de minimis. The Energy Bureau **DETERMINES** that the \$450 of Communications Expenses, and any difference in Miscellaneous Expenses, shall be absorbed within the approved Customer Experience departmental amount as provided in Part II.E. No amendment of Appendix A is warranted.

Taken together, the Customer Experience differences that the Budget Determinations could be read to support—the subdepartment-specific labor escalation (approximately \$79,434), Transportation (\$139), Utilities and Rents (at most \$34,018) and Communications (\$450)—amount to approximately \$114,000, or about 0.12% of the approved Customer Experience departmental total of \$93,748,997. The five-percent threshold for that department is \$4,687,450. The Energy Bureau notes, moreover, that LUMA's own reconstruction carries Materials and Supplies and Miscellaneous Expenses \$325,543 below Appendix A, so that the net of the Customer Experience lines other than labor and Professional and Technical Outsourced Services is in the Energy Bureau's favor, as LUMA itself reports.³³

²⁷ LUMA's response to PC-of-LUMA-NONPHYS_OPS-83 (PC Ex. 822), Table 83-1 and response (b)(i)–(ii). The Budget Determinations find the payment processing, bill print and billing system expenses necessary and exclude the customer portal.

²⁸ Attachment 1, tab “CX Delta from R&O,” cells D28–D29; tab “CX BuildUp,” cell M20.

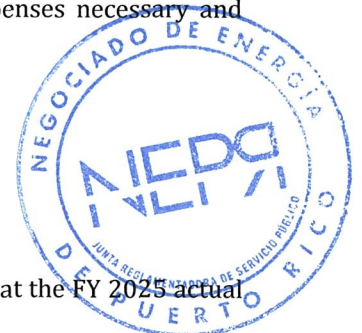
²⁹ PC Ex. 822, response (b)(ii), first bullet.

³⁰ Budget Determinations, Customer Experience Department, Payment Processing fees.

³¹ Budget Determinations, Customer Experience Department, Miscellaneous Expenses (“at the FY 2025 actual level”).

³² Attachment 1, tab “CX Delta from R&O,” rows 12–22; Energy Bureau FY 2027 revenue requirement model, sheet LUMA-OPERATING, rows 39–47.

³³ Reconsideration Motion, Exhibit 1, p. 4 (net of other Customer Experience non-labor lines, –\$290,936).



C. Support Services Department

Labor (ID 7). Appendix A carries Support Services labor at \$96,047,655, which is, to the dollar, the FY 2027 Constrained Budget labor total for the sixteen support departments in LUMA's own regulatory schedule.³⁴ LUMA's figure is higher by \$31,837 because it uses Optimal-level labor for the Corporate Security (\$23,032) and Emergency Preparedness (\$8,806) departments, consistent with the Energy Bureau's approval of the Optimal operating budgets for those two departments.³⁵ The Energy Bureau **CLARIFIES** that the Corporate Security and Emergency Preparedness departments are approved at their Optimal operating budgets. The resulting labor difference of \$31,837 is 0.01% of the approved Support Services departmental total of \$274,639,212; it is de minimis and shall be absorbed within that total as provided in Part II.E.

Non-labor (IDs 31 through 40). LUMA claims an aggregate difference of \$4,749,382 in Support Services non-labor expenses, concentrated in four categories: Materials and Supplies (ID 31, approximately \$1.99 million), Transportation, Per Diem and Mileage (ID 32, approximately \$451,000), Utilities and Rents (ID 36, approximately \$541,000) and Professional and Technical Outsourced Services (ID 39, approximately \$1.77 million).³⁶ LUMA built its figures from the department totals stated in the narrative of the Budget Determinations where such totals are stated, from its Constrained Budget schedule (LUMA Ex. 2.04) for the remaining departments, and from its Optimal Budget schedule (LUMA Ex. 2.03) for Corporate Security and Emergency Preparedness.³⁷ Appendix A presents the same sixteen departments as category totals, applying the department-specific Budget Determinations: the Constrained Budget for most departments; the Optimal Budget for Corporate Security and Emergency Preparedness; and the specific reductions the Energy Bureau ordered for the Regulatory, Legal, Land and Permits, Compliance, HSEQ and IT/OT departments.³⁸

Two components of LUMA's build-up are contrary to the Budget Determinations and account for approximately \$786,000 of the claimed difference. First, LUMA retains \$609,304 of professional and technical services for the HSEQ department in FY 2027, although the Energy Bureau approved the Constrained Budget for that line, which, as the Budget Determinations describe it, "includes \$0.30 million in FY26, and no funding in FY27 and FY28."³⁹ Second, LUMA carries the Regulatory department at \$24,259,000, although the Budget

³⁴ LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," row 7, col. V (FY 2027 Salaries, Wages and Benefits, \$96,047,654.8); Budget Determinations, Information and Operational Technology (IT/OT labor of \$15,010,170).

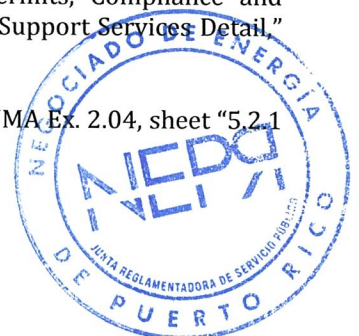
³⁵ Budget Determinations, Corporate Security Department (Optimal O&M budget of \$12.58 million for FY 2027) and Emergency Preparedness Department (Optimal O&M budget of \$1.09 million for FY 2027); LUMA Ex. 2.03, sheet "5.2.1 Support Services Detailed," row 7, compared with LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," row 7.

³⁶ Reconsideration Motion, Exhibit 1, p. 5 (Table 1-3); Attachment 1, tabs "SS Delta from R&O" and "SS BuildUp."

³⁷ Attachment 1, tab "SS BuildUp," row 25 (department totals: HSEQ \$8.623 million; Finance \$45.746 million; Corporate Services \$0.796 million; Internal Audit \$1.277 million; Procurement \$11.697 million; Facilities \$34.145 million; Regulatory \$24.259 million; Corporate Security \$12.584 million; Emergency Preparedness \$1.094 million; Communications \$10.176 million; Legal \$6.879 million; Land and Permits \$5.066 million; Fleet \$44.833 million; Compliance \$2.523 million; Human Resources \$6.869 million; IT/OT \$62.855 million).

³⁸ For example, Legal Services (ID 37, \$10,252,562) equals LUMA's Constrained legal services of \$13,670,083 less the Energy Bureau's 25% external-counsel reductions in Regulatory (\$1,758,750), Legal (\$1,343,771), Land and Permits (\$52,500) and Compliance (\$262,500), to the dollar; and IT Service Agreements (ID 35, \$46,396,695) equals IT Services held at the FY 2026 level of \$43,901,402 plus the other support departments' IT service agreements. Budget Determinations, Regulatory, Legal, Land and Permits, Compliance and Information and Operational Technology Departments; LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," rows 42 and 51.

³⁹ Budget Determinations, HSEQ Department, professional and technical services; LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," row 59, col. AF.



Determinations state the approved FY 2027 budget for that department as \$24.08 million.⁴⁰ Reconsideration is **DENIED** as to both.

As to Professional and Technical Outsourced Services (ID 39), the Energy Bureau **CLARIFIES** that the \$1.77 million difference LUMA reports is not a difference between Appendix A and the Budget Determinations. It includes the \$609,304 of HSEQ professional services that the Energy Bureau funded at zero for FY 2027 and the portion of the Regulatory department carried above the amount the Budget Determinations state. Once those amounts are removed, the remaining difference—on the order of \$0.98 million—arises from LUMA's use, for certain departments, of department totals drawn from the narrative of the Budget Determinations in place of the Constrained Budget schedules the Energy Bureau adopted for those departments. Measured against LUMA's Constrained Budget schedules, the Appendix A amount for this category (\$49,823,645) is \$982,000 higher, not lower.⁴¹ There is no shortfall in this category to be corrected.

As to Materials and Supplies (ID 31), Transportation, Per Diem and Mileage (ID 32) and Utilities and Rents (ID 36), the Appendix A category totals are below the aggregate of the corresponding Constrained Budget schedule amounts for the sixteen support departments by \$1,775,679, \$401,946 and \$541,087, respectively, and LUMA's reconstruction, which substitutes Optimal and narrative-based amounts for several departments, reports somewhat larger differences.⁴² The Energy Bureau does not accept LUMA's characterization of these differences as a "variance" between the FY 2027 Certified Budget and the approved budget. Appendix A presents the Support Services department as category totals precisely because the Budget Determinations for that department are department-specific rather than category-specific, and the Energy Bureau nowhere approved a Support Services Materials and Supplies, Transportation or Utilities and Rents figure as such. What the Energy Bureau approved, and what the FY 2027 Certified Budget carries, is a Support Services departmental amount—\$274,639,212 in Appendix A—within which LUMA has, under the framework that governs this docket, the flexibility to execute its approved budget across the sixteen departments and the eleven expense categories without prior Energy Bureau authorization, so long as reallocations remain below five percent of that departmental amount.⁴³

The three category differences total \$2,718,712 and, with the labor difference of \$31,837, total \$2,750,549. That is approximately 1.0% of the approved Support Services departmental amount and about one-fifth of the five-percent threshold for that department, which is \$13,731,961. The Energy Bureau further observes that the approved Support Services amount contains capacity that LUMA's reconstruction does not take into account. The Professional and Technical Outsourced Services category, as noted, is carried \$982,000 above the Constrained Budget aggregate for that category. The IT Service Agreements category (ID 35) includes \$163,879 for the Internal Audit department that LUMA itself removed from its Constrained Budget in the March 13 Schedules as an "[i]nadvertent error in the Constrained Budget," yet which LUMA's reconstruction still carries.⁴⁴ And the budget

⁴⁰ Budget Determinations, Regulatory Department.

⁴¹ LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," row 59, col. V (FY 2027 Constrained Professional and Technical Services for the sixteen support departments, \$48,841,645), compared with Appendix A, ID 39 (\$49,823,645). The March 13 Schedules carry the Constrained Support Services amounts unchanged for this category, other than adjustments to IT/OT professional services that the Energy Bureau's IT/OT determination superseded. March 13 Schedules, "LUMA's Updates to RR," Tables 2-3 to 2-5.

⁴² LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," rows 20, 30 and 47, col. V (FY 2027 Constrained: Materials and Supplies \$19,729,769; Transportation \$8,038,925; Utilities and Rents \$11,434,825), compared with Appendix A, IDs 31, 32 and 36 (\$17,954,090; \$7,636,979; \$10,893,738). The March 13 Schedules carry the same Constrained amounts for these three categories. March 13 Schedules, Schedule C-2 (Constrained), col. AA, less the Customer Experience, Operations and Utility Transformation amounts.

⁴³ See notes 4 and 17, *supra*.

⁴⁴ March 13 Schedules, "LUMA's Updates to RR," Table 2-4 (Schedule C-2 Constrained, line 30, FY 2027, IT Service Agreements, -\$163,879, "Inadvertent error in the Constrained Budget"); LUMA Ex. 2.04, sheet "5.2.1 Support Services Detail," row 42 (Internal Audit IT Services, \$163,879); Attachment 1, tab "SS BuildUp

framework that governs this docket contemplates that approved funds not required in one line will be applied to another within the approved departmental amounts, subject to the reallocation thresholds. LUMA has not asserted, much less demonstrated, that it cannot execute the Support Services department within its budget of \$274,639,212 in FY 2027; LUMA has represented to the Energy Bureau that it has “always” hit its annual budgets within roughly a one-percent variance.⁴⁵

Accordingly, the Energy Bureau **CLARIFIES** that the approved FY 2027 Support Services budget is the departmental amount of \$274,639,212 set forth in Appendix A, distributed among the categories there stated, and **DETERMINES** that the category-level differences LUMA identifies in IDs 31, 32, 36 and 39, and the labor difference in ID 7, shall be absorbed within that departmental amount in the manner provided in Part II.E. Reconsideration is **DENIED** as to the request to amend Appendix A for these lines.

D. Non-Federally Funded Necessary Maintenance Expenses

PBUT1 — Distribution Line-System Level Plan and Size (ID 83, \$1,250,000). LUMA asserts that the Budget Determinations do “not contain any determination approving funding” for this study and asks that it be removed from Appendix A.⁴⁶ The Energy Bureau disagrees. The Budget Determinations for program PBUT1 describe both distribution asset-planning studies—the “Distribution substation system asset plan and size” and the “Distribution line-system level plan and size”—and approve “[t]he Asset Plan & Size projects for transmission and distribution” as “the intellectual prerequisites” for the targeted capital improvements the Energy Bureau funded, finding the studies “needed to identify which assets require replacement to improve SAIDI and SAIFI.”⁴⁷ The summary table accompanying that determination lists the distribution substation study at \$1,250,000, reduced from the \$1,437,500 petitioned, and omits the companion line-system study; the Energy Bureau’s revenue requirement model carries both studies at the same reduced amount of \$1,250,000, and the approved revenue requirements and the FY 2027 Certified Budget both include it.⁴⁸ The omission from the summary table is clerical. The Energy Bureau **CLARIFIES** that the Distribution Line-System Level Plan and Size study was not denied; both distribution asset-planning studies under program PBUT1 are approved at \$1,250,000 each for FY 2027, as Appendix A states. Reconsideration is **DENIED** as to this item.

PBCS1 — Modernize Customer Service Technology (\$262,500). The Budget Determinations approve funding for the Modernize Customer Service Technology program “for FY 2026 through FY 2028,” and the accompanying table shows non-federally funded capital of \$0.3 million in each fiscal year.⁴⁹ LUMA’s schedules, including the March 13 Schedules, carry the program’s two FY 2027 projects—the Contact Center Platform (IVR) and the Mi LUMA Website Redesign—at \$131,250 each, or \$262,500 in total.⁵⁰ The Energy Bureau’s model carries both projects at zero for FY 2027, and the program is not among the projects the Energy Bureau removed from base rates for federal or state funding consideration.⁵¹ The

⁴⁵ Testimony of LUMA witness Smith before the Energy Bureau, Tr. Nov. 24, 2025, at 224:2-4.

⁴⁶ Reconsideration Motion, Exhibit 1, p. 6 (Table 1-4).

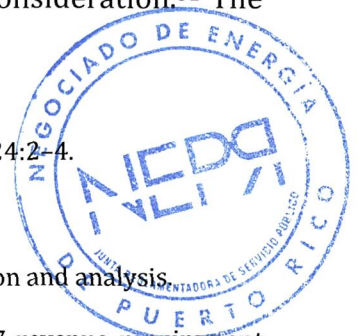
⁴⁷ Budget Determinations, program PBUT1 (Compliance & Studies), program description and analysis.

⁴⁸ Budget Determinations, program PBUT1, summary table; Energy Bureau FY 2027 revenue requirement model, sheet LUMA-CAPITAL, rows 113-114 (petitioned \$1,437,500 each; approved \$1,250,000 each for FY 2027).

⁴⁹ Budget Determinations, program PBCS1 (Modernize Customer Service Technology).

⁵⁰ March 13 Schedules, Schedule D-1 (Constrained), row 9 (“O&M Modernize Customer Service Technology, PBCS1,” FY 2027 non-federal capital, \$262,500); Energy Bureau FY 2027 revenue requirement model, sheet LUMA-CAPITAL, rows 30-31.

⁵¹ Budget Determinations, list of LUMA capital projects removed from rates for federal or state funding (no PBCS1 entry).



Energy Bureau agrees with LUMA that Appendix A should reflect the FY 2027 capital component of this program, and **GRANTS** reconsideration as to this item.

The addition is implemented without altering the approved revenue requirements or the GridCo total that the FOMB certified. The Energy Bureau **ALLOCATES** \$262,500 from the Unallocated Balance to the Non-Federally Funded Necessary Maintenance Expenses component of the FY 2027 GridCo budget, for program PBCS1, Modernize Customer Service Technology, Customer Experience portfolio. The Unallocated Balance is thereby reduced from \$37,747,153 to \$37,484,653; the Appendix A total for Non-Federally Funded Necessary Maintenance Expenses increases from \$157,695,457 to \$157,957,957; and the components of the approved FY 2027 GridCo budget identified in the August 19 Order total \$982,954,422 (\$982.95 million) rather than \$982,691,922 (\$982.69 million). Because the Unallocated Balance is part of the FY26 Reconciliation Amount already included in the revenue requirements approved by the Energy Bureau for FY 2027, and is carried as such in the FY 2027 Certified Budget, the allocation moves funds between lines of the certified budget and does not change the revenue requirements, the certified GridCo total or the rates in effect.⁵² Appendix A to the August 19 Order is **AMENDED** accordingly, as set forth in the Appendix A Amendment attached to this Resolution and Order, which adds the two PBCS1 project lines as IDs 127 and 128 and restates the total for Non-Federally Funded Necessary Maintenance Expenses. No other line of Appendix A is modified.

E. Absorption of de minimis and category-level differences within the approved departmental amounts

The differences addressed in Parts II.B and II.C that the Budget Determinations could be read to support are, in the Customer Experience department, approximately \$114,000 against an approved departmental amount of \$93,748,997 and, in the Support Services department, \$2,750,549 against an approved departmental amount of \$274,639,212. Neither approaches the five-percent threshold—\$4,687,450 and \$13,731,961, respectively—below which LUMA may reallocate among the components of a department without prior Energy Bureau approval under the framework that governs this docket.⁵³ The Energy Bureau therefore **DETERMINES** that (i) the Customer Experience differences identified in Part II.B (labor, Transportation, Utilities and Rents, Communications and Miscellaneous Expenses) shall be absorbed within the approved Customer Experience departmental amount of \$93,748,997, and (ii) the Support Services differences identified in Part II.C (labor and the Materials and Supplies, Transportation, Utilities and Rents and Professional and Technical Outsourced Services categories) shall be absorbed within the approved Support Services departmental amount of \$274,639,212, in each case by reallocation among the components of the same department. Such reallocations do not rise to the threshold that would necessitate a reallocation request to, or an amendment by, the Energy Bureau, and none is required. For the same reason, they do not require any amendment of Appendix A, which continues to state the approved departmental amounts within which LUMA executes its budget.

These reallocations, and the allocation to program PBCS1, are made within the revenue requirements approved by the Energy Bureau for FY 2027. No component of the FY 2027 GridCo budget is increased except by a corresponding reduction of another component of the same department or, in the case of PBCS1, of the Unallocated Balance. The approved revenue requirements and the rates in effect are unaffected.

⁵² June 15 Order, pp. 2–4; FY 2027 Certified Budget, Appendix A, pp. A-2 to A-4 and line F. The FOMB's certifying resolution reserves the FOMB's right to revise the certified budget "based on future events, such as any reconsideration by PREB," and Sections 6 and 7 of its Appendix A require the FOMB's written approval of reprogramming within the certified budget. The Energy Bureau accordingly directs LUMA, in Part III, to present the allocation to the FOMB as a conforming adjustment.

⁵³ See notes 4 and 17, supra. The threshold is calculated at the individual department level, not at the aggregate category level.

The Energy Bureau **DIRECTS** LUMA to identify, in each quarterly financial report filed in this docket for FY 2027, the reallocations made within the Customer Experience and Support Services departments to absorb the differences addressed in this Resolution and Order, by reference to the Appendix A component identification numbers, together with the resulting departmental execution against the approved departmental amounts.

Should LUMA, notwithstanding the foregoing, demonstrate through its quarterly reporting that a difference addressed in Part II.B or II.C cannot be absorbed within the approved amount of the department concerned without impairing an activity the Energy Bureau approved, LUMA may file a reallocation request in this docket that identifies the affected Appendix A components by identification number, quantifies the amount that cannot be absorbed, explains why the reallocations available within the department are insufficient, and is substantiated under the criteria applicable to reallocation requests in this docket. Upon such a showing, and only as a last-resort mechanism, the Energy Bureau may allocate additional funds from the Unallocated Balance to the department concerned, in the manner provided for program PBCS1 in Part II.D, so that the approved revenue requirements are preserved. The LUMA Contingency Reserve Account established in the June 15 Order is not available for this purpose: as the August 19 Order held, that account was funded for contingencies arising during FY 2027, and diverting it to ordinary operating expense categories would deplete the reserve for purposes other than those for which it was established.⁵⁴

III. Conclusion

For the reasons stated above, the Energy Bureau **GRANTS IN PART** and **DENIES IN PART** LUMA's Motion for Reconsideration of the August 19th Order filed on September 4, 2026.

The Energy Bureau **GRANTS** reconsideration as to program PBCS1, Modernize Customer Service Technology, and **AMENDS** Appendix A to the August 19 Order to add the program's FY 2027 non-federally funded capital of \$262,500 (Contact Center Platform (IVR), \$131,250; Mi LUMA Website Redesign, \$131,250) as IDs 127 and 128, as set forth in the Appendix A Amendment attached to this Resolution and Order. The Energy Bureau **ALLOCATES** \$262,500 from the unallocated balance of the FY26 Reconciliation Amount to the Non-Federally Funded Necessary Maintenance Expenses component of the FY 2027 GridCo budget for that purpose, reducing the unallocated balance from \$37,747,153 to \$37,484,653. No other line of Appendix A is modified.

The Energy Bureau **DENIES** reconsideration as to all other items and **CLARIFIES** Appendix A as follows: (i) the approved Customer Experience labor budget (ID 1) is the approved FY 2025 level escalated by 1.8% for the Customer Service subdepartment and by 2.5% for the Customer Programs, Process Development and Governance, and Customer Operations subdepartments; (ii) Customer Experience Materials and Supplies (ID 9) is approved at \$324,000, being the approved FY 2025 level of \$300,000 increased by 8%; (iii) the \$139 difference in Transportation, Per Diem and Mileage (ID 10) is within rounding and is not a variance; (iv) Customer Experience Utilities and Rents (ID 11) is approved at the Optimal level of \$126,000; (v) Customer Experience Professional and Technical Outsourced Services (ID 12) is approved at \$46,400,000, the Constrained Budget excluding the customer portal, and the \$4.5 million for payment processing is included in, not additional to, that amount; (vi) the Corporate Security and Emergency Preparedness departments are approved at their Optimal operating budgets (ID 7); (vii) the approved Support Services budget is the departmental amount of \$274,639,212 (IDs 7 and 31 through 40), and the Professional and Technical Outsourced Services category (ID 39) presents no shortfall against the Energy Bureau's budget determinations; and (viii) the Distribution Line-System Level Plan and Size study under program PBUT1 (ID 83) was not denied and is approved at \$1,250,000 for FY 2027.

⁵⁴ June 15 Order, p. 3; August 19 Order, pp. 2-3.



The Energy Bureau **DETERMINES** that the de minimis differences identified in Part II.B (Customer Experience labor, Transportation, Utilities and Rents, Communications and Miscellaneous Expenses) and the differences identified in Part II.C (Support Services labor and the Materials and Supplies, Transportation, Utilities and Rents and Professional and Technical Outsourced Services categories) shall be absorbed within the approved Customer Experience departmental amount of \$93,748,997 and the approved Support Services departmental amount of \$274,639,212, respectively, by reallocation among the components of the same department; that such reallocations are below the five-percent (5%) threshold applicable at the individual department level and therefore do not require a reallocation request to, or an amendment by, the Energy Bureau; and that all of the foregoing, including the allocation to program PBCS1, is made within, and does not alter, the revenue requirements approved by the Energy Bureau for FY 2027.

The Energy Bureau **DIRECTS** LUMA to identify, in each quarterly financial report for FY 2027 filed in this docket, the reallocations made within the Customer Experience and Support Services departments pursuant to this Resolution and Order, by Appendix A component identification number, and the resulting execution against the approved departmental amounts.

The Energy Bureau **DIRECTS** LUMA, in coordination with PREPA, to present to the FOMB, within fifteen (15) days of the notification of this Resolution and Order, the allocation of \$262,500 from the FY26 Unallocated Reconciliation Funds to GridCo non-federally funded capital as a conforming adjustment to the FY 2027 Certified Budget, and to file in this docket a copy of that submission and of any FOMB response within five (5) days of each.

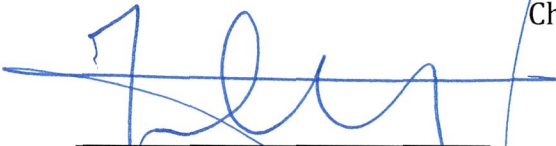
The Energy Bureau **ADVISES** LUMA that, should a difference addressed in this Resolution and Order prove incapable of being absorbed within the approved amount of the department concerned, LUMA may file a substantiated reallocation request as described in Part II.E, upon which the Energy Bureau may, as a last-resort mechanism, allocate additional funds from the unallocated balance of the FY26 Reconciliation Amount within the approved revenue requirements. The LUMA Contingency Reserve Account is not available for that purpose.

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.⁵⁵

Be it notified and published.



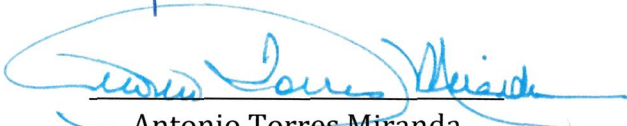
Edison Avilés Deliz
Chairman



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner



Omar M. Rodríguez González
Associate Commissioner

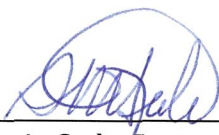


⁵⁵ Act 57-2014, art. 6.36.

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on October 15, 2026. I also certify that on October 15 2026, I have proceeded with the filing of this Resolution and Order and was notified by email to katuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katuska.bolanos-lugo@us.dlapiper.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; kmercado@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 October 15, 2026.



Sonia Seda Gaztambide
Clerk



APPENDIX A — AMENDMENT

LUMA — Approved Fiscal Year 2027 Budgets: Expense Components (Appendix A to the August 19, 2026 Resolution and Order) — Lines Added and Total Restated

This Appendix A Amendment adds the two project lines shown below to Part 3 of Appendix A to the August 19, 2026 Resolution and Order (Non-Federally Funded Necessary Maintenance Expenses) and restates the total of that Part. The columns follow the format of Appendix A. The added lines are numbered 127 and 128 so that the identification numbers of the existing one hundred twenty-six (126) components are unchanged; they belong to the Customer Experience portfolio. No other line of Appendix A is modified.

ID	Type	Department / Portfolio	Program Brief Code	Component / Program	Project / Detail	\$
3. Non-Federally Funded Necessary Maintenance Expenses — lines added						
127	NME	Customer Experience	PBCS1	Modernize Customer Service Technology	Contact Center Platform (IVR)	131,250
128	NME	Customer Experience	PBCS1	Modernize Customer Service Technology	Mi LUMA Website Redesign	131,250
Lines added — subtotal						262,500
Total restated						
Total - Non-Federally Funded Necessary Maintenance Expenses (IDs 44-128) — previously 157,695,457						157,957,957
Memorandum — source of funds						
Unallocated balance of the FY26 Reconciliation Amount (June 15 Order) — previously \$37,747,153						37,484,653

