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 Requesting Approval of Fiscal Year 2027 Budget Amendment; Reallocation of $5,000,000 within the FY 2027 System Expenses.

RESOLUTION AND ORDER

I. Background

The Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau"), acting pursuant to its authority under Act 57-2014,[1] reviews and establishes the annual budgets applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly, "LUMA"), as operator of the electric transmission and distribution system ("GridCo") of the Puerto Rico Electric Power Authority ("PREPA") under the *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement* ("T&D OMA")[2] and the *Puerto Rico Transmission and Distribution System Supplemental Terms Agreement* ("Supplemental Agreement").[3] The Fiscal Year ("FY") 2027 budgets approved within this framework rely on the revenue requirement approved by the Energy Bureau in the *Final Resolution and Order on Electricity Rates* issued on April 15, 2026 in Case No. NEPR-AP-2023-0003 ("Final Rate Order").[4]

Four (4) determinations of the Final Rate Order frame the matter now before the Energy Bureau. First, the Energy Bureau denied LUMA's request for $5,866,071 in FY 2027 for PREPA Restructuring and Title III expenses—the costs that LUMA incurs in connection with PREPA's case under Title III of the *Puerto Rico Oversight, Management, and Economic Stability Act* ("PROMESA" and "Title III Case")—and determined that LUMA "shall not recover PREPA Restructuring & Title III expenses from ratepayers through base rates" during the rate period.[5] Second, the Energy Bureau excluded from base rates the projects of LUMA's Meter Replacement and Maintenance Program ("PBUT17"), finding that they are addressed by, or substantially overlap with, the federally funded deployment of Advanced Metering Infrastructure ("AMI").[6] Third, the Energy Bureau approved, outside the GridCo budget, the costs of the advisors of the Financial Oversight and Management Board for Puerto Rico ("FOMB") allocated to PREPA ("FOMB Advisor Costs") in the amount of $26,341,021 for FY 2027,[7] and established a Management and Operations Audit ("MOA") program applicable to PREPA, LUMA and Genera PR LLC ("Genera"), for which it included $5 million in the annual revenue requirement and reserved to itself the discretion over the allocation and

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

[2] *Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement* dated as of June 22, 2020, executed by and among PREPA, the Puerto Rico Public-Private Partnerships Authority and LUMA ("T&D OMA").

[3] *Puerto Rico Transmission and Distribution System Supplemental Terms Agreement* dated as of June 22, 2020, executed by and among the same parties ("Supplemental Agreement"). The Supplemental Agreement remains in effect until the Service Commencement Date under the T&D OMA or the Interim Period Termination Date, whichever occurs first. Supplemental Agreement, § 2.4, p. 4.

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

[5] Final Rate Order, Chapter Three, pp. 338–341.

[6] Final Rate Order, Chapter Three, pp. 114–120.

[7] Final Rate Order, Chapter Six, pp. 18–19.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

disbursement of those funds.[8] Fourth, the Energy Bureau retained in all respects its budget oversight framework, which requires its prior approval for reallocations that exceed five percent (5%) of an individual department of the Operating Budget or of an individual portfolio of the Non-Federally Funded Capital ("NFC") Budget, and for any reallocation between the major budget categories, regardless of amount.[9]

The Energy Bureau has since administered the FY 2027 budgets in this docket through several determinations that are relevant here. On June 15, 2026, it established a Contingency Reserve Account of $30,000,000 for LUMA, the use of which is limited to expenditures incurred in response to extraordinary and unforeseen events ("June 15 Order").[10] On June 29, 2026, in approving as a one-time accommodation a reallocation within LUMA's FY 2026 NFC Budget that included the Meter Replacement and Maintenance Program, it directed that LUMA "shall adhere to the expenses as approved for FY2027 and FY2028" and not rely on after-the-fact reallocations ("June 29 Order").[11] On August 19, 2026, it specified the approved FY 2027 GridCo budget—GridCo Labor Operating Expenses of $341,201,165; GridCo Non-Labor/Other Operating Expenses of $445,825,461; Non-Federally Funded Necessary Maintenance Expenses of $157,695,457; the Up to 2% Reserve for Excess Expenditures of $7,969,839; and the Contingency Reserve Account of $30,000,000—and denied LUMA's request to reapportion $7.6 million from the Contingency Reserve Account to operating expense categories ("August 19 Order").[12] On September 23, 2026, it reiterated that the directive of the June 29 Order remains in full force and effect ("September 23 Order").[13] And, in resolving LUMA's request for reconsideration of the August 19 Order, it amended that budget in a single respect, adding $262,500 of non-federally funded capital for one program from the unallocated balance of the FY26 Reconciliation Amount, and restated the framework that governs reallocations within the fixed revenue requirement approved for FY 2027 ("Reconsideration Order").[14]

On September 8, 2026, LUMA filed a document titled *Motion Requesting Approval of Fiscal Year 2027 Budget Amendment* ("September 8 Motion"), accompanied by an Exhibit 1 titled *FY2027 Budget Amendment Request* ("Exhibit 1"). LUMA acknowledges that the Final Rate Order did not approve funding for PREPA Restructuring and Title III costs or for the Meter Replacement and Maintenance Program, and that the Energy Bureau denied its request for reconsideration of those determinations.[15] LUMA nonetheless requests approval of a reallocation of $12.56 million within its approved FY 2027 budget to fund both activities: $5.87 million for PREPA Restructuring and Title III costs and $6.69 million for the Meter Replacement and Maintenance Program.[16]

LUMA proposes to obtain the $12.56 million from its approved FY 2027 Operating Budget: $4.5 million from the Utility Transformation department, a reduction of eight percent (8%) of that department's approved budget, and $8.06 million from the Support Services department, of which $4.22 million corresponds to the Facilities sub-department and $3.84

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[8] Final Rate Order, Chapter Six, pp. 53–55.

[9] Final Rate Order, Chapter Eight, pp. 1–5.

[10] *Resolution and Order, In Re: LUMA Initial Budgets and Related Terms of Service*, Case No. NEPR-MI-2021-0004, June 15, 2026 ("June 15 Order"), p. 3.

[11] *Id.*, June 29, 2026 ("June 29 Order"), p. 1.

[12] *Id.*, August 19, 2026 ("August 19 Order"), p. 2 and Appendix A.

[13] *Id.*, September 23, 2026 ("September 23 Order"), p. 5.

[14] *Id.*, October 15, 2026 ("Reconsideration Order"), pp. 3–4 and 11–12.

[15] September 8 Motion, ¶¶ 1–2; Exhibit 1, p. 2.

[16] September 8 Motion, ¶ 3 and p. 2; Exhibit 1, pp. 2 and 4.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

million to the Fleet sub-department.[17] LUMA attributes the availability of these amounts to utility, rent and facility requirements that are lower than those assumed in its rate filing, to the closing of an office location, and to vehicle usage costs that are capitalized to capital projects rather than recognized as operating expenses.[18] Of the total, $5.87 million would be placed in a PREPA Restructuring and Title III line within Other Operating Expenses, and $6.69 million would be transferred from the Operating Budget to the Customer Experience portfolio of the NFC Budget, which would increase by thirty-six percent (36%).[19]

In support of the first request, LUMA states that the Supplemental Agreement requires it to support PREPA's Title III Case and related workstreams required by the FOMB; that, because it must provide such support upon request, it has no control over the amount of the work and cannot decline it; and that it performs these activities pursuant to Section 3.4 of the Supplemental Agreement.[20] In support of the second, LUMA states that the funds are necessary to comply with the statutory term of thirty (30) days for Net Energy Metering ("NEM") activations, which entails replacing the customer's meter with a bidirectional meter; that an AMI meter installed outside the completed communications mesh network lacks remote connectivity and must be read manually, at an estimated incremental cost of $2.79 million and 41,000 field labor hours per year; that it is currently meeting NEM installation requirements by reusing meters recovered from the AMI deployment, an inventory it expects to support approximately four months of installations; and that it holds in inventory NEM meters already purchased, whose installation and capitalization the requested funds would cover.[21]

II. Discussion

A. Scope of this Resolution and Order and governing framework

The September 8 Motion asks the Energy Bureau to fund, through a reallocation, two (2) activities for which the Final Rate Order declined to provide funding in LUMA's budget and as to which reconsideration was denied. A request to amend a budget in this docket is not a vehicle for revisiting those determinations, and the Energy Bureau does not revisit them. The Final Rate Order stands as issued. The Energy Bureau, in this Resolution and Order, administers the FY 2027 budgets within the revenue requirement already approved, under the framework that governs every reallocation request in this docket.

Three (3) features of that framework are relevant. First, the revenue requirement approved for FY 2027 are fixed, so that an amount added to one component of the approved budgets must be offset elsewhere within them.[22] Second, a reallocation that exceeds five percent (5%) of an individual department or portfolio, and any reallocation between budget categories regardless of amount, requires the prior approval of the Energy Bureau.[23] Third, the proponent of a reallocation must make the showing required to support it.[24] The Energy Bureau has explained why it reviews these requests with care: that review is the means by which the "very limited available funds are correctly prioritized" to address the poor reliability of electric service in Puerto Rico.[25]

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[17] Exhibit 1, pp. 6–7 (Table 1-3).

[18] Exhibit 1, pp. 4 and 6–7.

[19] Exhibit 1, pp. 4 (Tables 1-1 and 1-2) and 6 (Table 1-3).

[20] Exhibit 1, pp. 2 and 7.

[21] Exhibit 1, pp. 2–3 and 5.

[22] Reconsideration Order, pp. 3–4.

[23] Final Rate Order, Chapter Eight, pp. 4–5; Reconsideration Order, p. 4.

[24] August 19 Order, p. 2.

[25] *Resolution and Order*, *In Re: Review of LUMA's Initial Budgets*, Case No. NEPR-MI-2021-0004, September 17, 2024, p. 5; see also *id.*, p. 4.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

LUMA's proposal engages each of these features. It would reduce the Utility Transformation department by eight percent (8%), increase the Customer Experience portfolio of the NFC Budget by thirty-six percent (36%), move $6.69 million from the Operating Budget to the NFC Budget, and create within the Operating Budget a line that the Energy Bureau did not approve.[26] Each of these movements requires prior approval, which LUMA has properly sought. The question is whether LUMA made the required showing as to the sources of the funds and as to each of their proposed destinations.

B. LUMA's proposed sources of funds and the reliability of the system

The Energy Bureau begins with the sources, which are common to both requests. LUMA represents that $12.56 million of its approved FY 2027 Operating Budget is not required for the purposes for which it was approved: $8.72 million in the Utility Transformation department and the Facilities sub-department, because the utilities, rents and facilities assumed in its rate filing exceed what the approved labor and capital budgets require and because it has consolidated office space; and $3.84 million in the Fleet sub-department, because vehicle usage costs budgeted as operating expenses are being capitalized.[27] For purposes of this Resolution and Order, the Energy Bureau accepts LUMA's assertion as to the basis for availability of these funds, however, it does not follow that these amounts are available for the uses LUMA proposes.

The GridCo budget funds the operation and maintenance of the transmission and distribution system. The Energy Bureau approved the GridCo budget at a level, and with a distribution among departments and portfolios, directed to that end, for a system whose reliability remains the foremost concern of the Energy Bureau and of the customers the system serves. The Energy Bureau has applied that principle consistently in this docket. In addressing LUMA's management of provisional budget authority, it stated its expectation that the operator prioritizes expenditures "directly related to maintaining the reliability and stability of the electric system."[28] It rejected, in this same fiscal year, LUMA's request to move $7.6 million out of the Contingency Reserve Account, among other reasons because diverting those funds would have depleted the reserve "for purposes other than those for which it was established," without the showing required.[29] The Energy Bureau has twice directed LUMA to adhere to the expenses approved for FY 2027.[30]

When the operator identifies, early in a fiscal year, that $12.56 million of its approved Operating Budget is not needed for its approved purpose, the first claim on those funds belongs to the work that sustains and improves the reliability of the system: vegetation management; the inspection, repair and replacement of lines, poles and substation equipment; and the response to outages. It does not belong to the fees of advisors and counsel in a restructuring proceeding, nor to the installation of metering equipment that the Energy Bureau has determined should not be funded from base rates. LUMA states that its proposal does not affect the reliability and safety of the system, because the source departments do not need the funds.[31] That addresses only half of the question. The other half is what those funds would accomplish if they were directed to reliability instead of away from the system, and on that LUMA is silent. Funds approved for the operation and maintenance of the system, and available to address its reliability, must not be diverted to other areas.

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[26] Exhibit 1, pp. 4 and 6.

[27] Exhibit 1, pp. 6–7.

[28] September 23 Order, p. 4.

[29] August 19 Order, p. 2; Reconsideration Order, p. 11.

[30] June 29 Order, p. 1; September 23 Order, p. 5.

[31] Exhibit 1, pp. 2–3.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

The Energy Bureau therefore **DENIES** LUMA's request to reallocate $12.56 million from the Utility Transformation and Support Services departments to a PREPA Restructuring and Title III line and to the Meter Replacement and Maintenance Program. Those amounts remain within the approved FY 2027 Operating Budget. **Within thirty (30) days** of the notification of this Resolution and Order, LUMA shall file in this docket a proposal to apply the $12.56 million it has identified as not necessary for their approved use to programs within its approved FY 2027 budget that directly address the reliability of the transmission and distribution system, identifying for each program the amount, the work to be performed and its expected contribution to reliability. LUMA shall not apply those amounts to PREPA Restructuring and Title III costs or to the Meter Replacement and Maintenance Program.

C. PREPA Restructuring and Title III costs: the Supplemental Agreement and the Final Rate Order

LUMA rests its request on the Supplemental Agreement, and in particular on Section 3.4, which it reads as requiring it to perform Title III-related work upon request and in an amount it cannot control.[32] The Energy Bureau has examined the agreements. Section 3.4 is a provision on the treatment of costs. It provides that, while the Supplemental Agreement is in effect, the costs and expenses arising from LUMA's participation in, or from any other action LUMA takes in connection with, PROMESA, the Title III Case or any related legal proceeding "shall be considered T&D Pass-Through Expenditures and shall be deemed administrative expenses of Owner," that is, of PREPA.[33] Annex XI of the T&D OMA is to the same effect: the operator is not to be responsible for costs related to the Title III Case.[34] T&D Pass-Through Expenditures, in turn, are paid from the Operating Account that PREPA, as owner, establishes and funds.[35]

Three (3) conclusions follow from that text. First, the contracting parties have themselves classified these costs. They are costs of PREPA as owner of the system, occasioned by PREPA's restructuring, and not costs of operating and maintaining the transmission and distribution system. In terms of the approved budgets, they are expenses of the system as a whole. Second, Section 3.4 allocates the cost as between the contracting parties. It does not fix its amount, does not provide that it be paid from the funds approved for GridCo's departments, and does not determine what may be recovered from customers. The T&D OMA is explicit; that none of its provisions limit or supersede the authority of the Energy Bureau, that budget amendments must be compliant with the applicable rate order, and that the Energy Bureau retains the right to approve, deny or propose modifications to proposed and amended budgets.[36] Third, the agreements do not contain the unqualified obligation that LUMA describes. Section 3.4 speaks to who bears the cost of LUMA's participation; it says nothing of its extent. The provision of the T&D OMA that does address the parties' cooperation with the FOMB requires each of them to use reasonable efforts to provide the records and documents necessary to comply with obligations under applicable law, including those owed to the FOMB under PROMESA.[37] An obligation of reasonable efforts is one that the obligated party measures and manages. The provisions of the Supplemental Agreement that address the Title III Case run largely in LUMA's favor: PREPA and the Puerto Rico Public-Private Partnerships Authority are to keep LUMA informed and to agree to its standing and appearance in the Title III Case, and PREPA's exit from Title III on terms reasonably acceptable to LUMA is a condition of the Service Commencement Date under the

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[32] Exhibit 1, pp. 2 and 7.

[33] Supplemental Agreement, § 3.4, pp. 5–6.

[34] T&D OMA, Annex XI, p. XI-3.

[35] T&D OMA, §§ 7.2(a) and 7.5(a), pp. 88 and 91.

[36] T&D OMA, § 20.17, p. 158, and §§ 7.3(e) and 7.3(f), p. 90.

[37] T&D OMA, § 5.17, p. 77.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

T&D OMA.[38] LUMA's participation in the restructuring thus responds in part to what is asked of it as operator and in part to its own contractual interests. The September 8 Motion does not distinguish between the two.

The Energy Bureau does not revisit the grounds on which he Final Rate Order denied LUMA's request for PREPA Restructuring and Title III expenses : the FOMB is PREPA's representative in the Title III Case and retains its own counsel and advisors, whose costs customers already pay through the FOMB Advisor Costs line; LUMA did not demonstrate that the work it described benefited customers rather than responded to its own initiative and interests; and LUMA's estimate was not supported by an analysis of tasks, staffing or deliverables.[39] LUMA's proposal would do by budget amendment what the Final Rate Order declined to do: place a PREPA Restructuring and Title III line in LUMA's budget and fund it with $5.87 million of the operating funds approved for the transmission and distribution system. The Energy Bureau does not approve it. The amendment would use the GridCo budget for a purpose for which the Final Rate Order determined that budget should not be used. LUMA's request rests on the same figure that LUMA presented in the rate review, $5,866,071, again without a statement of the tasks, hours, rates or actual expenditures that produce it.[40] For the reasons stated in Part II.B, the amendment would divert from the system, funds approved to operate and maintain it. The Energy Bureau does not do indirectly what it declined to do directly.

D. Reallocation of $5,000,000 within the FY 2027 system expenses

That conclusion does not end the matter. The Final Rate Order did not determine that the electric system bears no cost by reason of PREPA's restructuring. It approved, outside the GridCo budget, the FOMB Advisor Costs allocated to PREPA as a system-wide cost, and a separate amount for PREPA's own Title III advisors.[41] In addressing legal expenses that LUMA had included in one of its departmental budgets, it stated that expenses related to the Title III proceedings are restructuring costs to be borne through the Title III and FOMB advisor lines that already exist in the revenue requirement, and not through the operating budgets.[42] It recognized that the reasonable costs associated with the operators' obligations under their operation and maintenance agreements are to be reflected in rates.[43]

The work that LUMA describes in Exhibit 1—updates to the Fiscal Plan and to the Plan of Adjustment, monthly cash flow and liquidity estimates, the federal funds deployment schedule, and responses to information requests from the FOMB, PREPA, bondholders and the mediation teams—is in the main work performed at the instance of the FOMB and for the restructuring of PREPA as a whole.[44] It draws on operational and financial information that the operator of the transmission and distribution system holds. It is of the same nature as the FOMB Advisor Costs that the revenue requirement already carries, and it is aligned with them: both are expenses associated with the overall system and occasioned by PREPA's status under PROMESA. Neither is an expense of operating the grid. The Supplemental Agreement confirms that alignment in that it deems LUMA's costs to be administrative expenses of PREPA.

The Energy Bureau therefore concludes that, to the extent the system is to bear a reasonable amount for the support that LUMA provides, as operator, to the FOMB and to PREPA in connection with the Title III Case, that amount is properly carried as a system expense, together with the lines of the same nature, and funded from within them. Doing so adds

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[38] Supplemental Agreement, §§ 5.1 and 6.1, p. 11.

[39] Final Rate Order, Chapter Three, pp. 339–341.

[40] Exhibit 1, pp. 6–7; Final Rate Order, Chapter Three, pp. 339 and 341.

[41] Final Rate Order, Chapter Six, pp. 18–19; Chapter Five, pp. 23–24.

[42] Final Rate Order, Chapter Three, p. 157.

[43] Final Rate Order, Chapter Six, p. 1.

[44] Exhibit 1, p. 7.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
NEPR
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO

nothing to the revenue requirement and changes no rate. It leaves untouched the GridCo budget and the determination of the Final Rate Order that LUMA's budget is not the vehicle for recovering these expenses. It applies the Final Rate Order; it does not modify it.

Because the revenue requirement is fixed, the amount must come from within the system expenses already approved. The Energy Bureau reallocates $5,000,000 for FY 2027, as follows:

(i) $2,000,000 from the MOA program. The Final Rate Order included $5 million in the annual revenue requirement for the MOA program; provided that the Energy Bureau will establish the scope, schedule and methodology of each audit in a separate docket, after affording the audited entities and the public notice and an opportunity to be heard on the proposed scope. The MOA is a comprehensive examination of the management, operations and performance of three entities. Because of that comprehensiveness, and because the scope of the audit will be finalized with the benefit of public input, the effort will start later during FY 2027 and will extend beyond FY 2028. The requirements of the program in FY 2027 will therefore be lower than the amount included for a full year, and $2,000,000 can be released in FY 2027 without affecting the audit. This determination concerns only the timing of the program's expenditures. It reduces neither the scope of the MOA nor the Energy Bureau's commitment to carry it out, and the Energy Bureau will provide for the requirements of the MOA in the fiscal years in which its work is performed.

(ii) $3,000,000 from the FOMB Advisor Costs allocated to PREPA. For the reasons stated above, the support that LUMA provides to the FOMB and to PREPA in connection with the Title III Case and the FOMB Advisor Costs are aligned expenses, associated with the overall system. The reallocation moves $3,000,000 between two lines of the same nature and reduces the FOMB Advisor Costs allocated to PREPA for FY 2027 from $26,341,021 to $23,341,021.

The FY 2027 system expenses concerned are, as a result, the following:

FY 2027 system expense	**Approved**	**Reallocation**	**As amended**
Management and Operations Audit program	$5,000,000	($2,000,000)	$3,000,000
FOMB Advisor Costs allocated to PREPA	$26,341,021	($3,000,000)	$23,341,021
PREPA Restructuring and Title III – Operator Support	$0	$5,000,000	$5,000,000
Total	**$31,341,021**	**$0**	**$31,341,021**

It is the Energy Bureau's expectation that LUMA will manage its Title III-related work within the $5,000,000 authorized, and that the FOMB Advisor Costs allocated to PREPA for FY 2027 will come in under the amount budgeted, so that the reallocation produces no shortfall in that line. The first expectation follows from the nature of LUMA's obligation, which is one of reasonable efforts; from the fact that it is the FOMB, with its own advisors, and not LUMA, that represents PREPA in the Title III Case; and from LUMA's ability to coordinate with the FOMB and PREPA the scope and timing of what is asked of it, so that work is neither duplicated nor undertaken without need. The second follows from the nature of the line. The amount approved is a projection that originated with the FOMB, not a sum of invoices; it falls by nearly half from FY 2026 to FY 2027, and by a further third for FY 2028, which indicates that the FOMB itself projects a declining level of activity;[45] and, to the extent LUMA performs at the FOMB's request, analysis and reporting that the FOMB's advisors would otherwise

[45] Final Rate Order, Chapter Six, pp. 18–19 ($51,289,184 for FY 2026, $26,341,021 for FY 2027 and $17,438,323 for FY 2028).

have to perform or procure, the system should not pay for that work twice. Should PREPA nonetheless anticipate that the FOMB Advisor Costs allocated to it for FY 2027 will exceed $23,341,021, it shall so inform the Energy Bureau promptly.

The Energy Bureau authorizes $5,000,000, and not the $5.87 million requested. LUMA has not itemized its request. Exhibit 1 lists categories of recurring reports, but it does not state the tasks, hours or rates that support the figure, or the amounts actually expended in FY 2026 or to date in FY 2027, and it does not separate the work LUMA performs at the request of the FOMB, PREPA or the court from the work it undertakes to protect its own position under the agreements.[46] The first is properly an expense of the system. The second is not a cost the system should bear. In the absence of that showing, the Energy Bureau limits the authorization to the amount that can be drawn from the two lines identified above without impairing either, and expects LUMA to manage its work within it.

The authorization is subject to the following conditions:

(i) The $5,000,000 is a ceiling for FY 2027. LUMA shall not charge PREPA Restructuring and Title III costs to the GridCo budget. Any amount in excess of the ceiling requires the prior authorization of the Energy Bureau. The treatment that Section 3.4 of the Supplemental Agreement gives to such costs as between the contracting parties does not alter this requirement.[47]

(ii) The amount shall be applied only to the costs of work that LUMA performs, in its capacity as operator of the transmission and distribution system, in response to a request of the FOMB, PREPA, the court that presides over the Title III Case or the mediation team appointed in that case. It shall not be applied to costs that LUMA incurs to assert or protect its own rights or interests under the T&D OMA or the Supplemental Agreement. LUMA shall keep, for each request, a record of the entity that made it, the work performed and its cost, available to the Energy Bureau when it so requires.

(iii) The amount shall be carried as a system expense, in a line identified as PREPA Restructuring and Title III – Operator Support, outside the departments of the GridCo Operating Budget, and shall be made available to LUMA through the Operating Account in the same manner as other T&D Pass-Through Expenditures.[48]

(iv) Any portion of the amount not expended for that purpose in FY 2027 shall not be applied to any other use without the prior authorization of the Energy Bureau.

The reallocation is made within, and does not alter, the revenue requirement approved by the Energy Bureau for FY 2027 or the rates in effect. As it did with the allocation approved in the Reconsideration Order, the Energy Bureau directs that the reallocation be presented to the FOMB as a conforming adjustment to the budget that the FOMB certified for PREPA for FY 2027.[49]

E. Meter Replacement and Maintenance Program

LUMA requests $6.69 million to install, for NEM customers located in areas that the AMI deployment has not yet reached, bidirectional meters, other than AMI meters, that it holds in inventory.[50] The Energy Bureau denies the request, for the following reasons.

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[46] Exhibit 1, p. 7.

[47] T&D OMA, § 20.17, p. 158.

[48] T&D OMA, § 7.5(a), p. 91.

[49] Reconsideration Order, p. 10 and n. 52.

[50] Exhibit 1, pp. 2–3 and 5.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO
NEPR

First, LUMA does not claim that the AMI meters cannot be read without the mesh network. Its claim is that a meter installed outside the completed mesh lacks remote connectivity and must be read in person.[51] The Energy Bureau understands that meters of this kind can generally be read by more than one means while the network is unavailable: from the meter's display, by Wi-Fi from a nearby service vehicle, or with a handheld radio. It is also the Energy Bureau's understanding that the manufacturer's handheld tool may upload those readings to the head-end system, and that it appears to be intended for meters that have not registered on the network or cannot be reached through it. LUMA does not say whether these means are available to it or why they would not serve. If they are not, it was for LUMA to say so. On this record, LUMA has not shown that an intermediary meter is warranted.

Second, an intermediary meter duplicates cost. To install a legacy meter today at a premise that will receive an AMI meter is to pay for two meters and two installations for one customer, and to retire the first before the end of its useful life. The Final Rate Order addressed this directly. It noted that LUMA intends to retire its legacy metering system within about four years, stated that LUMA should avoid purchasing and installing legacy meters that will be replaced with AMI meters in less than twelve months, observed that LUMA had not justified the cost-effectiveness of its policy of not installing AMI meters outside the areas in active transition, and excluded the PBUT17 projects from base rates because they are addressed by, or substantially overlap with, the federally funded AMI program.[52] According to LUMA, the AMI deployment is funded entirely with federal funds, and its schedule contemplated the installation of some 514,000 AMI meters in FY 2027.[53] A NEM customer who receives an AMI meter receives a federally funded meter, and ratepayer funds are not used for metering infrastructure that should be federally funded.

Third, LUMA's claim of cost is unsupported. LUMA estimates that the manual reading of AMI meters would cost approximately $2.79 million and 41,000 field labor hours per year.[54] It provides no calculation: not the number of meters assumed, the cost or frequency of each reading, nor the period during which each meter would remain outside the network. LUMA does not say which means of reading the estimate assumes. Taken at face value, the estimate is less than half of the $6.69 million that LUMA asks to spend, and it describes a transitional cost that diminishes as the network is completed, whereas the cost of installing a legacy meter is incurred in full and is lost when that meter is replaced. LUMA presents no comparison of the two alternatives over the period in question, and it has not established that the course it proposes is the less costly one.

Fourth, LUMA's own account does not show a present need. LUMA states that it is currently meeting NEM installation requirement by reusing meters recovered from the AMI deployment, that this inventory supports approximately four months of installations, and that additional meters may become available as the deployment progresses.[55] LUMA does not quantify that supply, although the deployment schedule it presented to the Energy Bureau contemplates the replacement of some 514,000 meters during FY 2027.[56]

Fifth, the inventory is a cost already incurred. LUMA states that the meters have been purchased and that it seeks only the cost of placing them in service.[57] The cost of acquiring the meters is not affected by this determination. The question before the Energy Bureau is whether to commit a further $6.69 million to install them, and a cost already incurred is not

[51] Exhibit 1, pp. 3 and 5.

[52] Final Rate Order, Chapter Three, p. 120.

[53] Final Rate Order, Chapter Three, pp. 117–118.

[54] Exhibit 1, p. 5.

[55] Exhibit 1, p. 5.

[56] Final Rate Order, Chapter Three, p. 117.

[57] Exhibit 1, p. 5.

NEGOCIADO DE ENERGÍA DE PUERTO RICO
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a reason to incur another. LUMA does not state how many meters it holds, when it acquired them or at what cost, nor does it explain why they cannot be held for those needs that the AMI deployment will not timely reach.

Sixth, the request repeats an accommodation that the Energy Bureau granted once, expressly as a one-time accommodation. In the June 29 Order, the Energy Bureau approved for FY 2026 a reallocation that included the Meter Replacement and Maintenance Program and directed LUMA to adhere to the expenses approved for FY 2027 and FY 2028.[58] The September 8 Motion asks for the same accommodation for FY 2027. It would, moreover, move $6.69 million from the Operating Budget to the NFC Budget in order to fund a program that the Final Rate Order excluded from base rates, which, for the reasons stated in Part II.B, the Energy Bureau does not do.

Nothing in this determination relieves LUMA of its obligation to complete NEM activations within the term established by law. LUMA has not shown that it cannot meet that obligation with the meters of the AMI program and with the recovered meters it is already using. The Energy Bureau **DENIES** LUMA's request to reallocate $6.69 million to the Meter Replacement and Maintenance Program.

III. Conclusion

For the reasons stated above, the Energy Bureau **GRANTS IN PART** and **DENIES IN PART** LUMA's *Motion Requesting Approval of Fiscal Year 2027 Budget Amendment* filed on September 8, 2026.

The Energy Bureau **DENIES** LUMA's request to reallocate $12.56 million from the Utility Transformation and Support Services departments of its approved FY 2027 Operating Budget to a PREPA Restructuring and Title III line and to the Meter Replacement and Maintenance Program (PBUT17). The approved FY 2027 GridCo budget is not modified.

The Energy Bureau **APPROVES**, for FY 2027, the reallocation of $5,000,000 within the system expenses included in the approved revenue requirement, to fund the costs of the support that LUMA provides, as operator of the transmission and distribution system, to the FOMB and to PREPA in connection with the Title III Case, as follows: $2,000,000 from the MOA program, which is consequently set at $3,000,000 for FY 2027, and $3,000,000 from the FOMB Advisor Costs allocated to PREPA, which are consequently set at $23,341,021 for FY 2027. The authorization is subject to the conditions set forth in Part II.D. The Energy Bureau **DENIES** LUMA's request for PREPA Restructuring and Title III costs in excess of that amount.

The Energy Bureau **DENIES** LUMA's request to reallocate $6.69 million to the Meter Replacement and Maintenance Program (PBUT17).

The Energy Bureau **ORDERS** LUMA to file, within thirty (30) days of the notification of this Resolution and Order, the proposal described in Part II.B to apply the $12.56 million it has identified within its approved FY 2027 Operating Budget to programs that directly address the reliability of the transmission and distribution system.

The Energy Bureau **ORDERS** LUMA and PREPA to present the reallocation approved herein to the FOMB as a conforming adjustment to the budget certified for PREPA for FY 2027, and **ORDERS** PREPA to inform the Energy Bureau promptly should it anticipate that the FOMB Advisor Costs allocated to PREPA for FY 2027 will exceed $23,341,021.

The Energy Bureau **DETERMINES** that the reallocation approved herein is made within, and does not alter, the revenue requirement approved by the Energy Bureau for FY 2027 or the rates in effect, and that the determinations of the Final Rate Order remain in full force and effect.

[58] June 29 Order, p. 1.

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

Be it notified and published.

Edison Avilés Deliz
Chairman

Ferdinand A. Ramos Soegaard
Associate Commissioner

Sylvia B. Ugarte Araujo
Associate Commissioner

Antonio Torres Miranda
Associate Commissioner

Omar M. Rodríguez González
Associate Commissioner

CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on November 20, 2026. I also certify that on November 20, 2026, I have proceeded with the filing of this Resolution and Order and was notified by email to katiuska.bolanos-lugo@us.dlapiper.com; RegulatoryPREBOrders@lumapr.com; margarita.mercado@us.dlapiper.com, Yahaira.delarosa@us.dlapiper.com; jan.albinolopez@us.dlapiper.com; katiuska.bolanos-lugo@us.dlapiper.com; alexis.rivera@prepa.pr.gov; nzayas@gmlex.net; mvalle@gmlex.net; rcruzfranqui@gmlex.net; 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 November 20, 2026.

Sonia Seda Gaztambide
Clerk

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