



# Monthly Report on the T&D System

For the Month of June 2023

July 25, 2023

# Contents

- 1.0 Mission, Goals and Areas of Responsibility ..... 1
- 2.0 Monthly Sales Summary ..... 1
- 3.0 Outage Summary ..... 2
- 4.0 PREB Filings & Hearings ..... 4
- 5.0 Legislative Matters and Material Legal Update ..... 6
- 6.0 Ongoing External Audits ..... 10
- 7.0 Material OMA Items ..... 11

## 1.0 Mission, Goals and Areas of Responsibility

LUMA assumed operations of Puerto Rico's Transmission and Distribution System (T&D System) on June 1, 2021, with the mission to recover and transform the energy grid and deliver customer-centric, reliable, resilient, safe and sustainable electricity at reasonable prices for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA").

This report outlines LUMA's key activities for the month of June 2023.

## 2.0 Monthly Sales Summary

- Consumption (GWh) was higher in June 2023 than the previous month (6.7%) and lower than the same month from the previous year (0.3%).
- Energy sales (\$) in June 2023 decreased by 17.4% from the previous month and decreased by 30.5% compared to the same month a year ago.

**Table 2-1. Energy billed by customer segment**

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total <sup>4</sup>
<b>2023 June</b>	647.4	666.3	145.9	25.2	2.0	3.5	<b>1,490.3</b>
<b>2023 May</b>	583.1	658.3	125.6	24.8	1.9	3.3	<b>1,397.0</b>
<b>2022 June</b>	663.8	666.1	137.2	22.6	2.4	3.2	<b>1,495.3</b>

**Table 2-2. Energy sales by rate component**

Energy Sales (\$M)	Base	FCA <sup>1</sup>	PPCA <sup>2</sup>	CILT & Subsidies <sup>3</sup>	Total <sup>4</sup>
<b>2023 June</b>	81.3	150.7	43.3	22.3	<b>297.6</b>
<b>2023 May</b>	96.8	197.8	41.2	24.7	<b>360.5</b>
<b>2022 June</b>	92.2	267.9	46.7	21.3	<b>428.1</b>

**Table 2-3. Energy sales by customer segment**

Energy Sales (\$M)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total <sup>4</sup>
<b>2023 June</b>	133.70	122.80	29.60	10.30	0.5	0.7	<b>297.60</b>
<b>2023 May</b>	141.7	177.7	31.3	8.5	0.5	0.8	<b>360.5</b>
<b>2022 June</b>	183.6	192.8	40.2	9.9	0.7	0.9	<b>428.1</b>

<sup>1</sup> FCA: Fuel Charge Adjustment

<sup>2</sup> PPCA: Purchased Power Charge Adjustment

<sup>3</sup> CILT: Contribution In Lieu of Taxes

<sup>4</sup> The Total amount may not equal the sum of numbers for each category due to rounding.

## 3.0 Outage Summary

### Reported Events

- Several generation forced outages occurred during the month. Thirteen resulted in automatic underfrequency loadsheds. Further, there were 5 consecutive days during peak hours that the generation was insufficient therefore causing loadshed.
- On June 19 in response to the foreseen impacts of Tropical Storm Bret, LUMA activated the LEOC to Level 4 – Heightened Alert. On June 24, after Tropical Storm Bret was no longer considered a threat to the island, the LEOC was deactivated.

**Table 3-1: Significant Generation Outages**

Date	Description of outage
06/01/2023	AES 1: Derated AES 2 : Derated San Juan 5 : Derated San Juan 6 : Derated and Forced Outage Palo Seco 3: Derated Palo Seco 4 : Derated Costa Sur 5 : Derated Costa Sur 6 : Derated
06/02/2023	Costa Sur 6: Forced Outage
06/03/2023	Palo Seco 4: Derated
06/04/2023	AES 1: Derated AES 2: Derated Cambalache 3: Forced Outage and Loadshed Loadshed during peak due to generation shortfalls
06/05/2023	Palo Seco 3: Derated Palo Seco 4: Derated Aguirre 2: Forced Outage and Loadshed Loadshed during peak due to generation shortfalls
06/06/2023	Palo Seco 4: Derated AES 1: Derated AES 2: Derated Aguirre 2: Forced Outage and Loadshed (twice during the day) Loadshed during peak due to generation shortfalls
06/07/2023	Palo Seco Mobile Packs 1 and 3: Forced Outage and Loadshed Loadshed during peak due to generation shortfalls
06/08/2023	ECO CT2: Forced Outage AES 1: Derated AES 2: Derated Loadshed during peak due to generation shortfalls
06/09/2023	Costa Sur 6: Forced Outage and Loadshed
06/10/2023	Palo Seco 3: Forced Outage
06/11/2023	AES 1: Forced Outage Palo Seco 4: Forced Outage and Loadshed Palo Seco FEMA units: Forced Outage and Loadshed

<b>06/12/2023</b>	Costa Sur 5: Derated
<b>06/13/2023</b>	Palo Seco 3: Derated
<b>06/14/2023</b>	AES 1: Derated AES 2: Derated Palo Seco 3: Derated Palo Seco FEMA units: Forced Outage and Loadshed
<b>06/15/2023</b>	San Juan 5: Forced Outage
<b>06/16/2023</b>	AES 1: Forced Outage AES 2: Derated San Jun 9: Derated
<b>06/18/2023</b>	Costa Sur 5: Forced Outage
<b>06/19/2023</b>	AES 1: Derated AES 2: Derated Palo Seco 4: Derated Cambalache 2 and 3: Forced Outage and Loadshed
<b>06/21/2023</b>	Palo Seco 4: Derated AES 1: Derated
<b>06/22/2023</b>	Palo Seco 3: Forced Outage and Loadshed AES 1: Derated AES 2: Derated
<b>06/23/2023</b>	Costa Sur 5: Derated AES 1: Derated AES 2: Derated Aguirre 2: Forced Outage and Loadshed
<b>06/24/2023</b>	Costa Sur 5: Derated Palo Seco 4: Forced Outage
<b>06/25/2023</b>	Palo Seco 4: Forced Outage
<b>06/26/2023</b>	Costa Sur 5: Derated Costa Sur 6: Derated
<b>06/27/2023</b>	AES 1: Derated Palo Seco 4: Derated
<b>06/28/2023</b>	AES 1: Derated
<b>06/29/2023</b>	Aguirre 2: Forced Outage and Loadshed Palo Seco 3: Forced Outage and Loadshed

**Table 3-2: Significant Transmission Outages**

<b>Date</b>	<b>Description of outage</b>
<b>06/01/2023</b>	Substation 9203 tripped Line 36100 tripped
<b>06/03/2023</b>	Line 36100 tripped
<b>06/04/2023</b>	Line 36100 tripped
<b>06/05/2023</b>	Line 38400 tripped
<b>06/07/2023</b>	Line 39000 tripped
<b>06/08/2023</b>	Line 36200 tripped
<b>06/15/2023</b>	Line 36100 tripped

<b>06/16/2023</b>	Substation 2604 tripped Line 36100 tripped
<b>06/17/2023</b>	Line 36100 tripped
<b>06/18/2023</b>	Line 50500 tripped Yabucoa Xmer 2 tripped Line 50700 tripped Line 50800 tripped Yabucoa Xmer 1 tripped Line 36200 tripped
<b>06/21/2023</b>	Line 36100 tripped
<b>06/24/2023</b>	Line 36100 tripped
<b>06/25/2023</b>	Line 36400 tripped
<b>06/27/2023</b>	Line 50200 tripped Line 36400 tripped Line 37400 tripped
<b>06/28/2023</b>	Substation Viaducto Bus 1 tripped Line 37400 tripped Line 36100 tripped Line 36300 tripped Line 50700 tripped
<b>06/29/2023</b>	Line 50400 tripped Line 40200 tripped Line 37400 tripped Line 38600 tripped Bayamon Xmer 1 tripped Line 36300 tripped Line 40300 tripped
<b>06/30/2023</b>	Line 40200 tripped

## 4.0 PREB Filings & Hearings

LUMA participated in and supported discussions with the Puerto Rico Energy Bureau (PREB or Energy Bureau) across a broad range of topics during the month.

- [NEPR-AP-2020-0025](#) | **LUMA's Performance Metrics** – On June 9, 2023, LUMA filed its opposition to PREB's May 25 Resolution, objecting the determination to take administrative notice, contrary to due process, of information and rulings from other cases and jurisdictions on the record. On June 15, 2023, LUMA filed a request for stay of deadlines to file final briefs, requesting the PREB to decide on pending motions prior to submitting final briefs. On June 16, PREB granted LUMA until June 29, 2023, to respond to LECO's June 9 Motion and granted a stay to submit the replies to the final briefs until further notice. On June 29, 2023, LUMA submitted to the PREB its Opposition to LECO's Official Notice.
- [NEPR-MI-2021-0013](#) | **Electric Vehicles** – On June 12, 2023, LUMA submitted the June Time of Use Billing Integration Report.
- [NEPR-MI-2022-0001](#) | **Energy Efficiency and Demand Response** – On June 5, 2023, LUMA submitted an informative motion and request for an extension related to deadlines and requirements of the Emergency Battery Demand Response Program. On June 9, 2023 LUMA

submitted the translation of the revised EE Rider Petition filed on May 19, 2023. On June 29, 2023, LUMA submitted an urgent motion requesting a determination regarding the Revised EE Rider Petition and clarifying the calculated factor in the revised EE Rider Petition submitted on May 19, 2023.

- [NEPR-MI-2019-0016](#) | **Distributed Generation Quarterly Report** – On June 20, 2023, LUMA submitted Responses in compliance with the bench order issued at the hearing held on May 18, 2023, and the Resolution and Order (“R&O”) of June 2, 2023.
- [NEPR-MI-2020-0001](#) | **Streetlight Report** – On June 12, 2023, LUMA submitted the May 2023 Streetlight Progress report.
- [NEPR-MI-2021-0004](#) | **LUMA’s Budgets** – On June 6, 2023, LUMA submitted the response to Requests for Information (RFI) in compliance with the May 23 Order required by PREB for the review of the Proposed Consolidated FY2024 budget. On June 9, 2023, LUMA participated in the Virtual Technical Conference for the Proposed Consolidated FY2024 budget. Also on June 9, 2023, LUMA provided notice to PREB of the potential need to reallocate funds between Improvement Portfolios within LUMA’s Capital Budget – Non-Federally Funded. On June 15, 2023, LUMA filed a motion submitting the responses to the RFIs issued during the Virtual Technical Conference of June 9, 2023. On June 22, 2023, LUMA filed a motion submitting a reallocation of the FY2023 budget between Improvement Portfolios within LUMA’s Capital Budget. On June 23, 2023, LUMA filed an informative motion submitting LUMA’s comments and feedback to Genera PR’s proposed maintenance and outage schedule. On June 25, 2023, PREB, through a R&O, modified LUMA’s Proposed Consolidated FY2024 Budget submitted and approved a modified budgets subject to compliance with the orders and the reporting requirements of this Resolution and Order. On June 30, 2023, LUMA filed on behalf of PREPA and Genera PR a motion for reconsideration, and a notice of intent to request reconsideration of the June 25 Order.
- [NEPR-MI-2021-0002](#) | **Federal Funding** – On June 22, 2023, LUMA reported to PREB receipt of four FEMA Project Obligations, including two for Substation Security, one for Distribution Pole and Conductor Repair, and one for the Substation Rebuilds Improvement Programs. On June 20, 2023, LUMA submitted the updated 90-Day Plan for T&D Projects. On June 28, 2023, LUMA submitted one proposal for Infrastructure Investment and Jobs Act funding opportunities under the program 40101(C): Grid Resilience Grants of the U.S. Department of Energy.
- [NEPR-IN-2023-0001](#) | **February 22<sup>nd</sup> Incident** – On June 20, 2023, LUMA filed a motion in compliance with the March 27 Order, notifying the PREB that PROSHA determined to close the investigation without imposing any penalties against LUMA.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On June 20, 2023, LUMA filed its proposed FCA & PPCA Quarterly factors. On June 22, 2023 and June 23, 2023, PREB issued RFIs for which LUMA filed responses on June 26, 2023 and June 28, 2023. On June 30, 2023, PREB issued an R&O in which it approved the Annual Riders for FY2024 and determined that the FCA & PPCA factors would remain unchanged. It further ordered LUMA to refile FCA & PPCA factors on July 17, 2023, taking into account additional information on generation.
- [NEPR-IN-2022-0005](#) | **Bill Objection Process** – On June 27, 2023, LUMA filed a motion in response to the Independent Customer Protection Office (“OIPC”) motion dated May 22, 2023, in

which LUMA clarified that it has continued improving customer experience in the online portal, and specifically has made updates for customers filing objections to their bills.

- [NEPR-MI-2023-0001](#) | **Wheeling Implementation** – On June 6, 2023, PREB issued an R&O establishing stakeholder collaboration criteria. On June 8, 2023, LUMA filed an updated Wheeling Services Agreement (“WSA”) that included stakeholder comments. On June 23, 2023, PREB issued a R&O in which it requested further information pertaining to wheeling implementation costs.
- [NEPR-AP-2023-0003](#) | **Rate Review** – On June 30, 2023, PREB issued a R&O initiating the rate review process as a three-phase proceeding, suspending LUMA’s August 1, 2023 Rate Review Proceeding, and instructing LUMA to file information with regards to Phase 1 of the Rate Review by October 4, 2023.
- [NEPR-MI-2022-0003](#) | **Generation Stabilization Plan** – On June 1, 2023, LUMA submitted the fourteenth Update for the Generation Stabilization Plan Report. On June 15, 2023, LUMA submitted the fifteenth Update for the Generation Stabilization Plan Report.
- [NEPR-AP-2021-0003](#) | **Amendment Punta Lima PPOA** – On June 8, 2023, LUMA filed a Motion requesting PREB to grant until June 13, 2023 to file a response to Punta Lima’s urgent request. On June 13, 2023, LUMA filed a Motion requesting to schedule an urgent technical conference regarding the Interconnection Agreement.

## 5.0 Legislative Matters and Material Legal Update

Monitoring legislative activity, responding to requests for comments and preparing LUMA employees for public hearings is an important and significant responsibility, requiring multiple interactions with members and staff of the Puerto Rico Senate and House of Representatives over the course of many weeks and months on some occasions. Responding to these inquiries requires considerable resources and time from LUMA.

**Table 5-1: Summary of Requests for Comments or Legislation Filed in the Puerto Rico Senate or House of Representatives**

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
House Committee on Development and Public Funds Oversight on the Northwestern Region	House Resolution 335	June 14, 2023	On May 30, 2023, LUMA was summoned to appear on a public hearing on June 15, 2023. On June 14, 2023 the Committee canceled the public hearing.
House Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy	House Resolution 243 & 446	June 5, 2023	On May 31, 2023, LUMA received from the Committee a <b>Request for Information</b> . On June 5, 2023, LUMA delivered the response.



Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
House Committee on Development and Public Funds Oversight on the Southern Region	House Resolution 303	June 9, 2023	On May 31, 2023, LUMA received from the Committee a <b>notice to appear on a public hearing</b> . On June 9, 2023, LUMA participated in the public hearing.
Senate Committee on Strategic Projects and Energy	Senate Bill 1218	June 9, 2023	On June 1, 2023, LUMA received from the Committee a <b>request for comments</b> . On June 9, 2023, LUMA participated in the public hearing.
Senate Committee on Strategic Projects and Energy	Senate Bill 1215	June 1, 2023	On June 1, 2023, LUMA received from the Committee a <b>request for comments</b> .
Senate Committee on Innovation, Telecommunications, Urbanism and Infrastructure	House Resolutions 110, 295 and 465	June 9, 2023	On June 5, 2023, LUMA received from the Committee a <b>notice to appear on a public hearing</b> on June 13, 2023. On June 9, 2023, LUMA received a communication rescheduling the hearing for July 14, 2023.
House Committee on Development and Public Funds Oversight on the Northwestern Region	House Resolution 335	June 9, 2023	On June 7, 2023, LUMA was summoned to appear on an “emergency” public hearing on June 9, 2023. On June 9, 2023 LUMA participated in the public hearing.
Senate Request for Information 2023-0127	RFI2023-0127	June 23, 2023	On June 13, 2023, LUMA received a request for information from the Senate. On June 23, 2023 LUMA submitted the response.
House Committee on Small and Medium Business	Senate Bill 923	June 16, 2023	On June 16, 2023, LUMA received a request for comments to be delivered on August 18, 2023.
House Committee on Development and Public Funds Oversight on the Northwestern Region	House Resolution 335	June 23, 2023	On June 23, 2023, LUMA was summoned to appear on on-site public hearing on July 7, 2023. On July 7, 2023, the Committee canceled the public hearing.
House Committee on Transportation, Infrastructure, and Public Works	Joint Senate Resolution 383	June 29, 2023	On June 29, 2023, LUMA received a request for comments.
House Committee on Transportation, Infrastructure, and Public Works	Joint Senate Resolution 385	June 29, 2023	On June 29, 2023, LUMA received a request for comments.
House Committee on Transportation, Infrastructure, and Public Works	Joint Senate Resolution 387	June 29, 2023	On June 29, 2023, LUMA received a request for comments.

Table 5-2: Material Litigation Update<sup>5</sup>

Case No.	Party Names	Description	Significant Updates
<b>Adv. Proc. No. 21-00041</b>	UTIER v. Pierluisi et al.	Plaintiffs are requesting the annulment of the T&D OMA because they claim that it violates the Contracts Clause and does not comply with Act 120-2018, given that it allegedly does not recognize UTIER's collective bargaining agreement.	No changes since last Report. The Court has not yet ruled on the pending Motion to Dismiss.
<b>Adv. Proc. No. 21-00049</b>	SREAEE v. PIERLUISI et al.	Similar claims to 21-00041 (above) and additionally alleges that the T&D OMA violates ERISA and would damage the SREAEE due to lack of funds.	No changes since last Report. The Court has not yet ruled on the pending Motion to Dismiss.
<b>Case No. KLRA202100406</b>	In re Revisión de los Términos de Servicio de LUMA	ICSE seeks order to annul and overturn PREB's approval of Modified Terms of Service and Liability Waiver. They argue the waiver is an infringement of PR's Civil Law tradition as it goes against the Law, Moral, and Public Order.	No changes since last Report.
<b>SJ2022CV02868</b>	Ismael Herrero Domenech and the class composed of all residential electrical energy consumers that are customers of LUMA Energy LLC v. LUMA Energy LLC, Wendco of Puerto Rico Inc. et al. v. LUMA Energy LLC	The residential and commercial customers in the consolidated class actions filed with the Puerto Rico State Court ("Plaintiffs") seek to be compensated for damages for LUMA's alleged failure to properly maintain and operate certain equipment pursuant to the T&D OMA which caused an island-wide blackout on April 6, 2022. Plaintiffs claim over \$500 million in damages.  LUMA was served on July 19, 2022, and on July 29, 2022, LUMA filed a Notice of Removal with the Title III Bankruptcy court.	LUMA filed its Motion to dismiss for lack of indispensable party on June 5, 2023. On June 19, 2023, the Plaintiffs requested additional time to respond to the motion. The Court granted Plaintiffs' request on June 19, 2023.

<sup>5</sup> Material Litigation Activity refers to all litigation related to challenges to the OMA, matters that could impede the OMA work or litigation with significant financial risk. This does not include ordinary litigation proceedings that originate as part of the operation of the T&D System, including but not limited to pre-litigation dispute resolution, management of active litigation, discovery, PREB invoice challenges, and other litigation procedures.

Case No.	Party Names	Description	Significant Updates
<b>Civil Case No. 22-CV-01357</b>	CADFI Corp. v. PREPA, LUMA and Municipality of San Juan	Plaintiff, CADFI Corp. (Broad Coalition for Functional Diversity and Equality), and other individual Plaintiffs, allege that some electric posts are located in the middle of some sidewalks in San Juan in violation of the American with Disabilities Act (“ADA”) and the Standards for Accessible Design promulgated by the US Department of Justice.	No changes since last Report.
<b>SJ2022CV08894</b>	UTIER, et. al. V. LUMA Energy ServCo, LLC, et. al.	Plaintiffs filed a complaint alleging that the Defendants incurred defamation, libel, and cyberbullying, among other, by the unauthorized use of UTIER’s and its president, Angel Figueroa Jaramillo’s image and name.	On June 13, 2023 the Court denied the motions for reconsideration filed by LUMA and the rest of the co-defendants. On June 30, 2023, LUMA requested that the deadline to file its answer to complaint be stayed until the Court of Appeals resolves a request for <i>certiorari</i> to be filed in said forum.
<b>SJ2023CV01793</b>	LUMA Energy ServCo, LLC V. Municipio Autonomo de Manatí; Hon. José A. Sanchez Gonzalez, in his official capacity, and Damian O. Pabon Colon, Finance Director, in his official capacity	LUMA filed a complaint against the Municipality of Manatí challenging the imposition of the construction excise tax relating to the works performed at PREPA’s Manatí Substation.	On June 1, 2023, LUMA filed a motion for entry of default judgment against the Municipality. On June 5, 2023, the Court granted the motion.
<b>SJ2023CV02513</b>	LUMA Energy ServCo, LLC V. Municipio Autonomo de Manatí; Hon. José A. Sanchez Gonzalez, in his official capacity, and Damian O. Pabon Colon, Finance Director, in his official capacity	On March 3, 2023, the Municipality of Manatí issued a Second Preliminary Notice for outstanding construction excise taxes related to the works performed at PREPA’s Manatí Substation. LUMA filed a complaint against the Municipality of Manatí challenging the second notice collecting the construction excise for works performed at the Manatí Substation.	On June 1, 2023, LUMA filed a motion for entry of default against the Municipality. On June 5, 2023, the Court granted the motion.

Case No.	Party Names	Description	Significant Updates
<b>Case No. 17-04780 PROMESA Title III</b>	Debtor: Puerto Rico Electric Power Authority (PREPA)	The main Title III Case is related to PREPA's exit from Title III. Certain parties are challenging the confirmation of PREPA's proposed plan of adjustment.	The second deposition session to a LUMA representative was held on June 1, 2023.

## 6.0 Ongoing External Audits

LUMA is subject to audits related to its activities under the T&D OMA. Responding to these audits requires considerable resources and time from LUMA.

**Table 6-1: Summary of Governmental Audits**

Government Entity	Audit Description	Significant Updates
<b>Puerto Rico Comptroller's Office (OCPR), No. 15592</b>	Audit to PREPA fiscal operations during the period from June 1, 2018 to June 30, 2021 by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico and Act 9 of July 24 of 1952, as amended.	No changes since last report.
<b>OCPR, RFI No. SIE-3518-15560-8</b>	Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day.  Request for Customer Experience Data including: <ul style="list-style-type: none"> <li>• Rate Revenue,</li> <li>• Accounts Receivable, and</li> <li>• Loss from energy theft</li> </ul> for January 1, 2000 to present, detailed by residential, commercial, and government customers, by fiscal year.	No changes since last report.
<b>OCPR, RFI No. SIE-3518-15560-16</b>	Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day.  Request for Customer Experience Data including: <ul style="list-style-type: none"> <li>• Rate Revenue,</li> <li>• Accounts Receivable, and</li> <li>• Loss from energy theft</li> </ul> for January 1, 2000 to June 30, 2020, detailed by residential, commercial, and government customers, by fiscal year.	No changes since last report.

Government Entity	Audit Description	Significant Updates
<b>OCPR, No. 15671</b>	Audit to PREPA operator (LUMA Energy ServCo, LLC) during the period from June 1, 2020 to February 28, 2023 by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico and Act 9 of July 24, 1952, as amended.	LUMA received a request on June 29, 2023, which is due on July 5, 2023.
<b>OCPR, No. SII-4029-15637-06</b>	Audit of Guanica Municipality, request for Customer Experience data including: <ul style="list-style-type: none"> <li>• Certification of debt as of December 31, 2022; including interest, penalties or charges.</li> </ul>	No changes since last report.
<b>KPMG</b>	Audit of PREPA Financial Statements	FY2022 – LUMA has been receiving and responding to requests for information for several months. LUMA and PREPA hold weekly status meetings with all parties working on the audit and have held several informal sessions to discuss specific issues related to FY2022. The target date of issuance of the financial statements is September 2023.
<b>P3A</b>	First Year (FY2022) Operations Audit	No changes since last report. Kevane Grant Thornton has provided P3A a draft report that is under review. P3A will schedule an exit meeting to discuss findings once the review is complete.
<b>Office of the Inspector General (OIG), No. E-169-23-005; RI-001</b>	Compliance with PR Law and applicable regulations	No changes since last report. LUMA is compiling the requested information in order to comply with the OIG's request.

## 7.0 Material OMA Items

### PREPA's Non-Compliance with T&D OMA Obligations

- June 2023 was the seventh consecutive month that **PREPA did not fully fund the Service Accounts** and failed to meet its obligations in accordance with 7.5(a)(iii), 7.5(b)(iii), 7.5(c)(iii), 7.5(e)(ii) of the T&D OMA. LUMA has issued seven (7) non-compliance notices to PREPA and notified P3A of PREPA's non-compliance with the T&D OMA. Specifically, as it relates to the Outage Event Reserve Account, PREPA has failed to replenish the account as required in section 7.5(d)(ii) of the T&D OMA. LUMA is actively working with P3A towards a solution to PREPA's non-compliance.

- Since December 2022, **PREPA also refused to permit or approve funds to be removed from the Capital Account – Federally Funded to reimburse for Capital Costs – Federally Funded** actually incurred as permitted in Section 7.5(b)(iv) of the T&D OMA. Following several written requests and verbal follow ups from LUMA and P3A, on May 31, 2023, PREPA communicated to LUMA that it would transfer \$180,518,190.08 million of FEMA reimbursed costs and Working Capital Advances (WCA) funds for the Transmission and Distribution (T&D) System into the Capital Account – Federally Funded, in accordance with PREPA’s Capital Account – Federally Funded Service Account obligations under the T&D OMA. However, on May 31, 2023, LUMA only received a transfer of \$171,545,595.85 in the Capital Account – Federally Funded. LUMA is taking the necessary steps with PREPA to resolve the \$8,972,594.23 deficit.
- Under the Shared Services Agreement, LUMA is responsible for **processing Accounts Payable** on behalf of PREPA. However, PREPA is responsible for ensuring payments are completed, approved and in compliance with law and contract. In some cases, PREPA has requested LUMA make payment for contracts that appear to be expired, have exceeded the maximum contract value, or have another violation of PR law. Therefore, LUMA has asked PREPA to provide attestation that each requested payment is compliant with applicable Contract Standards and Applicable Law before LUMA processes the payment. As of June 30, 2023, PREPA has been unwilling to provide LUMA with such attestation, despite having agreed to do so in a March 29, 2023 meeting with P3A and LUMA.

### **PREPA Reorganization and Title III Exit**

- In June, PREPA formally established the subsidiaries of PREPA GenCo, PREPA HydroCo, and PREPA PropertyCo.
- The Puerto Rico Fiscal Agency and Financial Authority (AAFAF), as the Government restructuring agency, provided PREPA with a reorganized structure of the future state of HoldCo and HydroCo that reflects PREPA’s future needs and headcount once Genera takes over on July 1, 2023. This reorganized structure, and total headcount of 255 employees, was approved by PREPA’s Governing Board on June 9, 2023 via Resolution 5064. However, PREPA did not complete the reorganization and reassignment of employees into the new subsidiaries by June 30.
- On March 6, 2023 LUMA provided PREPA the finalized **Capital Contribution Agreements (“CCA”)**, which were updated with the facility demarcation and fleet details. At this time, LUMA requested PREPA to conduct a final review and approval. After numerous follow ups, the CCAs and Facility Demarcation Agreements were signed and executed on June 19, 2023.
- On June 19, 2023 LUMA, PREPA, and P3A completed the execution of the PREPA-GenCo-HydroCo Operating Agreement (PGHOA), Facility Demarcation Agreements, Interconnection Agreements, Capital Contribution Agreements, and several other agreements. These documents, in addition to the Agreed Operating Procedures which were executed on May 9, and the Genera-LUMA Collaboration and Non-Disclosure Agreement executed on June 6, are necessary to support the reorganization of PREPA. The PGHOA is now fully effective, fulfilling the condition precedent to Service Commencement Date under the T&D OMA Section 4.5 (q) that had been conditionally waived. The PGHOA replaced the Gridco-Genco PPOA specified in the T&D OMA.

- The Puerto Rico government and the FOMB continue to work toward confirmation of PREPA's proposed plan of adjustment. On June 6, 2023, the FOMB filed a proposed form of confirmation order.
- The Title III court conducted a hearing from June 6-8, 2023, to determine the value of the PREPA bondholders' unsecured deficiency claim. The FOMB had estimated the value of the bondholders' claim at \$0 to \$2 billion, while the bondholders contended it is \$8.5 billion (the full outstanding principal and interest on the bonds). On June 26, 2023, Judge Swain entered an order estimating the value of the bondholders' unsecured net revenue claim at \$2.388 billion.
- On or about June 12, 2023, numerous parties, including the ad hoc group of PREPA bondholders, monoline insurers Syncora Guarantee Inc. and Assured Guaranty Corp., bond trustee U.S. Bank, AAFAF, UTIER, SREAE, and a number of pro se individuals, among others, filed objections to PREPA's proposed plan of adjustment. Several of the parties also filed objections to the proposed confirmation order. The bondholder-related parties contended that the plan does not pay enough money to bondholders, the settlements embedded in the plan are not valid, and the plan underestimates PREPA's ability to raise revenue through increased rates. Many of the objectors take issue with the proposed "legacy charge" intended to pay the bondholders on the grounds that it would overburden residents and businesses. LUMA filed a reservation of rights with respect to the proposed Title III plan and confirmation order.
- The FOMB advised the Title III court that it intended to certify by June 16, 2023, a new fiscal plan for PREPA that will reflect lower electricity use in Puerto Rico and could affect the debt capacity analysis underlying PREPA's proposed plan of adjustment. On June 17, 2023, the FOMB indicated that it was unable to certify the fiscal plan due to, among other things, new data received from PREPA, LUMA, Genera PR and others, and that it intended to certify PREPA's new fiscal plan by June 23, 2023, and to identify any necessary amendments to the Title III plan due to the new information. At the FOMB's and the bondholders' request, Judge Swain subsequently suspended all confirmation-related deadlines, including the multi-day confirmation hearing which was set to begin on July 17.
- On June 16, 2023, UTIER filed an adversary proceeding in the Title III case challenging the legality of Genera PR's 10-year operation and maintenance agreement for PREPA's legacy thermal generation assets. As it had done with respect to the T&D OMA, UTIER sought a declaratory judgment that the Genera PR contract is null and void, arguing that it violates Puerto Rico law and the public order, and injunctive relief enjoining enforcement of the Genera agreement. Following a hearing on June 28, Judge Swain denied UTIER's request for injunctive relief.
- On June 23, 2023, the FOMB certified a new fiscal plan for PREPA that reflects updated projections for electricity demand and costs and indicated that it would be further amending PREPA's proposed Title III plan to, among other things, reduce the consideration paid to creditors to \$2.5 billion. The FOMB outlined several changes to the proposed plan, including that the amount of new bonds to be issued under the plan would be reduced from \$5.68 billion to \$2.383 billion. The FOMB committed to file a third amended plan of adjustment by July 14, 2023.

- Judge Swain entered an order on June 28, 2023, scheduling a limited number of Title III confirmation-related dates: (i) the FOMB will upload its fiscal plan model, legacy charge model and factual source materials to the Title III plan depository by June 30; (ii) the FOMB will file an amended witness list and amended expert disclosures by July 10; (iii) the FOMB will file PREPA's third amended plan of adjustment and an indication of its position on resolicitation by July 14; and (iv) the parties will meet and confer and file by July 19 a joint status report with a proposed litigation schedule.

### **PREPA Accounting and Financial Risks**

- A Condition Precedent to Service Commencement includes the reorganization of PREPA as stated in Section 4.5(q). As part of a reorganization of PREPA, as described in Annex VI, PREPA's balance sheet, financial systems and other functions must be separated into separate entities. This reorganization has not yet occurred and PREPA has not addressed several major PREPA accounting and financial risks. LUMA was provided access to PREPA's financial systems when LUMA began operations on June 1, 2021 and since then, LUMA has identified deficiencies and irregularities. The poor condition of PREPA's pre-Commencement financial records has an impact on LUMA's ability to comply with its T&D OMA obligations, including providing accurate reporting to P3A and FOMB. PREPA has still not met its contractual requirements to provide segregated financial statements for the T&D system which is needed for LUMA to meet its reporting requirements.
- On January 25, 2023, LUMA requested PREPA to provide balance sheet reconciliations, which have not yet been provided in full to LUMA despite repeated requests from LUMA over the past five (5) months. PREPA's delay in providing this information is impacting LUMA's ability to support not only PREPA's FY2022 Audit but also the initiative to complete the necessary reconciliation and accounting work to enable the full reorganization of PREPA which LUMA understands will be funded in the FY2024 Fiscal Plan.

### **LUMA's Billing and Collection Efforts**

- LUMA is currently implementing system corrections resolving the identified estimation algorithm issues, among others. The team is completing validations and preparing testing in the system before deploying the solution to production.
- Since August 2021, LUMA has made numerous attempts, including letters and phone calls, to work with customers who have large and chronic overdue balances to avoid the possible disconnection of service. In February 2023, 48-hour disconnection calls were made to the commercial & industrial business customers who had not responded to repeated attempts to establish payment plans. Given the failure by customers to respond after months of outreach efforts, LUMA began to schedule crews to disconnect this initial group of customers, unless payment was received. By the end of June 2023, LUMA completed just under 2,400 disconnections for non-payment on Commercial and Industrial customer accounts and continues to make progress in collecting on government accounts receivables. LUMA has been working with multiple government agencies in order to bring their accounts current.
- Over 1,600 new payment agreements were reached in June 2023; for a total of over 14,000 since January 2023.



- In June 2023, LUMA completed over 96,000 outbound collection calls, and Days Sales Outstanding (“DSO”) were 101 days.
- Multiple government and municipal agencies have paid their debt in full and LUMA continues to work with all customers to reduce the outstanding debt and the DSO.

### **FY2024 Budget Allocation and Budget Filing**

- In accordance with the process established under Section 4.3(c) of the Generation OMA and Section 3.1(b) of the PGHOA, the Budget Allocation Meeting occurred on February 24, 2023 whereby LUMA presented a proposed Budget Allocation based on the available information. At the time of the Budget Allocation Meeting, various required inputs and information from FOMB, PREPA, and P3A had not been provided to LUMA and therefore could not be incorporated in the Budget Allocation. Several meetings and exchanges of information occurred involving P3A, LUMA, Genera and PREPA during the months of March and April, culminating in the submission proposed and updated Budget Allocations by LUMA, to P3A on March 27 and on April 15. On April 22, 2023, LUMA submitted the Consolidated FY2024 Budgets to P3A. The submission of the FY2024 Budget to PREB was delayed due to the ongoing process with P3A.
- On May 1, 2023, P3A shared its Budget Allocation Determination Letter with LUMA and on May 12, 2023 P3A shared an Updated Budget Allocation with LUMA titled “Additional Revenue”, which allocated an additional \$130 million to the Parties for the FY2024 Budget.
- On May 16, 2023 at 12:31 am, LUMA filed its FY2024 Consolidated Budget with PREB in line with P3A’s approved Budget Allocation Determination from May 12, 2023.
- On June 9, 2023, PREB held a Technical Conference in which LUMA, PREPA, and Genera presented and discussed their respective FY2024 budget filings and Request for Information responses submitted by each party.
- On June 15, 2023, LUMA filed a motion to submit its responses to the RFI issued during the June 9, 2023, Technical Conference.
- On June 23, 2023, the FOMB certified a Fiscal Plan with a budget that aligned with the P3A’s approved Budget Allocation Determination from May 12, 2023.
- On June 25, 2023, PREB issued an R&O approving a FY2024 Annual Budget that decreased LUMA’s petitioned budget by \$15 million, reducing Customer Experience within the Operating Budget by approximately \$7 million and reducing Support Services within the Operating Budget by approximately \$8 million.
- On June 30, 2023, the FOMB certified a budget that aligned with PREB’s R&O from June 25, 2023, also reducing LUMA’s budget by \$15 million.

### **FY2023 Budget and Reallocation Request**

- On February 27, 2023, PREB issued a R&O conditionally approving LUMA’s FY2023 Budget, subject to several conditions, including but not limited to LUMA’s periodic reporting on revenue collections, expenditures, and directives to ensure funding for certain programs and initiatives.

- On March 20, 2023, LUMA filed a Motion for Reconsideration and/or Clarification of Resolution & Order responding to PREB's February 27, 2023 R&O on LUMA's FY2023 Certified Budget and requesting to stay several of the requirements of the February 27, 2023 R&O.
- As of the end of June LUMA had not received a response to its March 20, 2023 Motion requesting reconsideration and clarification.
- On June 9, 2023, LUMA provided notice to P3A and PREB that a reallocation of funds between Improvement Portfolios may be required within LUMA's Capital Budget – Non-Federally Funded, and communicated that LUMA would be submitting to PREB a proposed amendment of the FY23 Budget as soon as practicable, and prior to the end of FY2023.
- On June 22, 2023, LUMA submitted a Budget Reallocation notifying PREB of a reallocation of funds between the Customer Experience, Distribution, Substation, Support Services, and Transmission Improvement Portfolios, in line with the requirements from PREB's Resolution & Orders from December 14, 2022 and March 20, 2023.
- On June 26, 2023, PREB issued a R&O indicating the referenced reallocation in the June 22, 2023 filing did not exceed five percent (5%) of the Budget in which such reallocation was made. Thus, the reallocation was not subject to approval by PREB, and that LUMA complied with PREB's mandates in previous R&Os, whereby it instructed that any future reallocation of funds amongst budget programs or line items be timely anticipated and the correspondent budget amendment timely requested before PREB.
- On June 29, 2023, PREB issued what it termed a "correction" of its June 26, 2023 R&O, indicating that the referenced reallocations did exceed five percent (5%). Therefore, in accordance with Section 7.3(c) of the OMA, the reallocation was subject to approval by the PREB. The PREB found that the June 22 Reallocation Request did not fully comply with directives set forth in the December 14, 2022 and March 20, 2023 R&Os. In conclusion, the PREB approved the June 22, 2023 reallocation and asked LUMA to show cause within ten (10) business days of the notification for why it should be fined in the amount of \$5,000.

#### **PREB Resolution and Orders regarding LUMA's request for Amendment of FY2022 Budget**

- On November 2, 2022, LUMA filed a "Motion Submitting Fiscal Year 2022 Budget Amendment" in compliance with Section 7.3 (e) of the T&D OMA, requesting that the FY2022 Budget be amended to reallocate a surplus in LUMA's Operating Budget to its Non-Federally Funded Capital Budget line items. The modification was a result of LUMA's cost saving measures and year-end closing adjustments and financial reviews.
- On March 20, 2023, among other actions, PREB denied LUMA's January 3, 2023 Request for Reconsideration, and imposed a fine upon LUMA of twenty-five thousand dollars (\$25,000).
- On April 5, 2023, LUMA filed an "Informative Motion on Payment of Fine and Request for Confirmation of Payment", informing PREB that LUMA submitted an electronic payment of the fine from the March 20, 2023 Order on April 3, 2023.
- On May 1, 2023, LUMA sent P3A a formal letter titled "PREB Fine Issued to LUMA regarding LUMA's FY2022 Budget Amendment Request of November 2, 2022" in order to escalate LUMA's

concerns re: PREB's new budget amendment procedural requirements, which are not consistent with the T&D OMA or the limitations detailed in LUMA's System Remediation Plan.

- At the end of June, 2023, LUMA scheduled a meeting with P3A to discuss updates related to the FY2022 Budget.

#### **Genera Mobilization and Service Commencement Coordination**

- LUMA and Genera worked closely together to support a smooth Service Commencement for Genera on July 1, 2023. This effort included many joint working sessions between LUMA and Genera, and activation of LUMA's Emergency Response Plan (ERP) to a Level 4 - Heightened Alert status around the July 1 date. LUMA's activities included:
  - LUMA coordinated with Genera to provide identity and access management for more than 500 Genera employees, provisioning access to the systems LUMA manages through Shared Services.
  - LUMA facilitated training and coordinated with Genera and PREPA on Shared Services processes and procedures.
  - LUMA confirmed that GeneraPR LLC and its relevant Affiliates were added as "named insured" parties on insurance policies covered by LUMA's provision of Shared Services to GenCo.
  - LUMA provided feedback on Genera's Maintenance and Outage Schedule on June 21, 2023 and to the updated plan on June 29, 2023. LUMA has worked closely with Genera throughout its Mobilization Period regarding System Operations coordination.