



Monthly Report on the T&D System

For the Month of September 2023

October 17, 2023

Contents

- 1.0 Mission, Goals and Areas of Responsibility 1
- 2.0 Monthly Sales Summary 1
- 3.0 System Operations Update..... 2
- 4.0 Puerto Rico Energy Bureau Filings & Hearings..... 4
- 5.0 Legislative Matters and Material Legal Update 5
- 6.0 Ongoing External Audits..... 8
- 7.0 Material OMA Items 9

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 September 2023.

2.0 Monthly Sales Summary

- September 2023 consumption (GWh) was slightly lower by 0.6% than the previous month (August 2023) and 11.7% higher than the same month of the previous year (September 2022). The key driver of the increase was the high temperatures registered in September 2023 compared to typical temperatures for the time of year.
- Energy sales (\$) in September 2023 decreased by 15.7% from the previous month and by 22.1% from the same month of the previous year. The key factor for the decline from the same month last year was the 23.5% drop in fuel charge to recover the cost of fuel used in energy production.

Table 2-1. Energy billed by customer segment

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2023 September	679.2	714.8	146.1	26.4	1.4	3.4	1,571.3
2023 August	695.8	691.7	163.2	24.3	2.6	3.4	1,580.9
2022 September	588.1	646.0	144.5	23.0	1.9	3.2	1,406.7

Table 2-2. Energy sales by rate component

Energy Sales (\$M)	Base	FCA ¹	PPCA ²	CILT & Subsidies ³	Total ⁴
2023 September	103.8	141.5	42.7	28.4	316.4
2023 August	102.9	210.2	32.4	29.8	375.3
2022 September	97.8	242.9	38.0	27.4	406.1

Table 2-3. Energy sales by customer segment

Energy Sales (\$M)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2023 September	130.1	148.2	28.4	8.8	0.3	0.6	316.4
2023 August	158.7	168.5	36.6	10.1	0.6	0.8	375.3
2022 September	162.4	191.8	40.9	9.5	0.6	0.9	406.1

¹ FCA: Fuel Charge Adjustment

² PPCA: Purchased Power Charge Adjustment

³ CILT: Contribution In Lieu of Taxes

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

3.0 System Operations Update

Reported Events

- Several generation forced outages occurred during the month. Several resulted in automatic underfrequency loadsheds and generation shortfalls.
- No emergency events occurred during the month of September. The LUMA Emergency Operations Center (“LEOC”) was activated due to Tropical Storm Lee on September 6 and remained activated until September 10. On September 5 and 8-10, the LEOC operated virtually.

Table 3-1: Significant Generation Outages

Date	Generation Outages
09/01/2023	Costa Sur 6: Derated, Forced Outage and loadshed Generation Shortfall and loadshed
09/02/2023	AES 2: Derated Palo Seco FEMA (all): Forced Outage and loadshed
09/03/2023	AES 1: Derated AES 2: Derated Palo Seco 3: Forced Outage
09/05/2023	Palo Seco 3: Derated
09/06/2023	Eco 2 + Steam: Forced Outage and loadshed
09/08/2023	Costa Sur 6: Forced Outage Generation Shortfall and loadshed
09/11/2023	Generation shortfall and loadshed
09/16/2023	Aguirre 2: Derated Palo Seco 3: Derated
09/17/2023	San Juan 6: Derated
09/19/2023	AES 1: Derated
09/20/2023	Palo Seco 3: Derated San Juan 6: Derated Aguirre 2: Forced Outage and loadshed Generation shortfall and loadshed
09/21/2023	San Juan 9: Derated
09/22/2023	Aguirre 2: Derated
09/23/2023	Aguirre 2: Forced Outage Palo Seco 3: Derated Renewables: Loadshed
09/24/2023	San Juan FEMA (All): Forced outage and loadshed
09/25/2023	San Juan FEMA (All): Forced outage and loadshed
09/27/2023	San Juan 6: Derated
09/29/2023	ECO: Derated San Juan 5: Derated San Juan 9: Derated Aguirre 2: Derated and loadshed
09/30/2023	San Juan 6: Forced Outage

Table 3-2: Significant Transmission Outages

Date	Transmission Outages
09/01/2023	Line 50900 tripped
09/03/2023	Substation La Parguera Tripped Line 38900 Tripped
09/06/2023	Line 50200 Tripped
09/07/2023	Line 39100 Tripped Substation San German Tripped
09/08/2023	Line 37800 Tripped Line 36100 Tripped
09/10/2023	Line 36400 Tripped Substation Candelerero Tripped
09/11/2023	Line 39000 Tripped
09/12/2023	Line 41400 Tripped Line 37400 Tripped Substation Vega Baja Tripped
09/13/2023	Line 36100 Tripped Line 37200 Tripped Line 39800 Tripped
09/15/2023	Line 36400 Tripped
09/16/2023	Line 5100 Tripped
09/17/2023	Line 36100 Tripped
09/18/2023	Line 36400 Tripped
09/19/2023	Line 36300 Tripped Line 36200 Tripped
09/20/2023	Line 41400 Tripped Line 36200 Tripped Line 37100 Tripped
09/21/2023	Line 36900 Tripped Line 37500 Tripped Line 37400 Tripped
09/23/2023	Line 37400 Tripped
09/24/2023	Line 36400 Tripped (twice)
09/25/2023	Line 36100 Tripped
09/27/2023	Line 37400 Tripped (twice) Line 37800 Tripped
09/28/2023	Line 50400 Tripped Line 37100 Tripped Line 38900 Tripped
09/29/2023	Line 37800 Tripped
09/30/2023	Line 36400 Tripped

4.0 Puerto Rico Energy Bureau 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-MI-2019-0007](#) | **Performance Metrics** – On September 6, LUMA filed a motion in compliance with the Resolution and Order (“R&O”) of August 16, submitting the responses to the Request for Information (“RFI”) on System Average Interruption Duration Index (“SAIDI”) and System Average Interruption Frequency Index (“SAIFI”) metrics, related to the July 20 request to align these metrics to LUMA’s operational districts.
- [NEPR-AP-2020-0025](#) | **LUMA’s Performance Metrics** – On September 6, LUMA filed a motion for partial reconsideration of the Resolution of August 17, objecting PREB’s determination to admit additional documents to the proceeding and arguing due process, in addition to requesting a clarification of the relevance and purpose of those documents. On September 21, LUMA submitted the Reply Briefs to Independent Consumer Protection Office’s (“ICPO”) and the Puerto Rico Local Environmental and Civic Organization’s (“LECO”) Final Briefs. LUMA also filed an additional motion on September 21, reiterating that although LUMA is moving forward with the proceedings and filing the Reply Briefs, LUMA still requests, and reserves the right to, partial reconsideration of the August 17 Resolution because the PREB has not yet issued a ruling on this matter.
- [NEPR-MI-2022-0001](#) | **Energy Efficiency (“EE”) and Demand Response (“DR”)** – On September 5, LUMA submitted an informative motion in compliance with the PREB’s August 29 R&O. On September 20, LUMA submitted an Informative Motion and Request for Extension of deadline to file proof of execution of aggregation agreement and approval of the revised Emergency DR Program Budget. On September 29, 2023, LUMA submitted an informative motion addressing the deadline to submit proof of executed aggregation agreements and customer enrollment and event dispatch. In the motion, LUMA informed that the deadlines are contingent on factors outside LUMA’s control and, therefore, LUMA does not have control over the achievement of these deadlines.
- [NEPR-MI-2021-0002](#) | **Federal Funding** – On September 14, LUMA submitted to PREB the updated 90-Day Plan for T&D Projects.
- [NEPR-MI-2019-0006](#) | **Emergency Response Plan (“ERP”)** – On September 29, LUMA submitted a motion requesting an extension to file responses in compliance with the R&O of August 16 requesting that LUMA, GeneraPR and PREPA consider establishing a joint, coordinated emergency operations center and provide a report outlining appropriateness of this request. LUMA, GeneraPR, PREPA and the Government of Puerto Rico are currently working on an analysis of the viability of PREB’s requests.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On September 20, PREB issued a R&O requesting information regarding savings attributed to the FEMA temporary generation. Also on September 20, LUMA filed the proposed FCA & PPCA Factors for the upcoming three months. After RFIs and a technical conference on September 29, in compliance with PREB’s bench order, LUMA

resubmitted updated proposed factors. On September 29, PREB issued a R&O setting factors for October 1 to December 31.

- [NEPR-MI-2023-0001](#) | **Wheeling Implementation** – On September 15, LUMA held the third and final collaboration session as part of the three-month stakeholder collaboration process to finalize the Wheeling Services Agreement ("WSA"). On September 18, PREB issued a R&O taking notice of Circon Energy, LLC's ("Circon") September 15 submission of their proposed WSA. Through the September 18 R&O, PREB stated that a term will be established to allow stakeholders a reasonable time to present the items they believe are unresolved in the final WSA. Therefore, the PREB defers Circon's filing until after the collaboration process concludes.
- [NEPR-AP-2023-0004](#) | **Integrated Resource Plan (IRP) Review Proceeding** – On September 7, the PREB issued a R&O approving the technical consultant contract and scheduling a second Pre-Filing IRP Technical Conference on October 31. LUMA and the selected technical consultant, Black & Veatch, executed the contract on September 12. On September 27, the PREB issued a R&O with the October 31 technical conference Agenda and a RFI. In this R&O, the PREB ordered LUMA to submit a response to the RFI and a presentation based on the provided agenda by October 24 and October 25, respectively.
- [NEPR-MI-2020-0012](#) | **Implementation of PREPA IRP and Renewable Procurement Action Plan** – On September 22, LUMA filed a Motion to comply with the PREB's September 15 R&O regarding Interconnection Costs.

Other filings in August:

- [NEPR-MI-2022-0003](#) | **Generation Stabilization Plan** – Twentieth and Twenty-first Generation Stabilization Plan Reports (September 1 and September 15 respectively)
- [NEPR-MI-2021-0013](#) | **Electric Vehicles** – September Time of Use Billing Integration Report (September 11)

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 Transportation, Infrastructure and Public Works	Joint House Resolution 386	September 10, 2023	On September 7, LUMA received a request for comments related to JHRes386. On September 10, 2023, LUMA responded the request for comments.

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
Senate Committee on Strategic Projects and Energy	Joint House Resolution 231	September 8, 2023	On September 8, LUMA received a request for comments related to JHRes231
Senate Committee on Strategic Projects and Energy	House Bill 607	September 8, 2023	On September 8, LUMA received a request for comments related to HB607.
Senate Committee on Strategic Projects and Energy	Senate Bill 1269	September 8, 2023	On September 8, LUMA received a request for comments related to SB1269.
Senate Committee on Strategic Projects and Energy	Senate Bill 1279	September 8, 2023	On September 8, LUMA received a request for comments related to SB1279.
Senate Committee on Strategic Projects and Energy	House Bill 1810	September 8, 2023	On September 8, LUMA received a request for comments related to HB1810.
Senate Committee on Strategic Projects and Energy	Joint Senate Resolution 435	September 8, 2023	On September 8, LUMA received a request for comments related to JSRes435.
House Committee on Development and Public Funds Oversight on the Northern Region	House Resolution 648	September 28, 2023	On September 12, LUMA received a notice to appear in an <i>on-site public hearing</i> in Vegas Baja and Morovis. On September 28, LUMA participated in the hearing.
Joint Committee on Mitigation, Adaptation, and Resilience to Climate Change	Act 33-2019	September 14, 2023	On September 14, LUMA received a notice to appear in a public hearing to be held on November 1.
Senate Committee on Development and Public Funds Oversight of the Eastern Region	Senate Resolution 84	September 29, 2023	On September 18, LUMA received a request for comments related to JSRes435. On September 29, LUMA responded to the request for comments.
Committee on Development and Public Funds Oversight of the South-Central Region	Request for Information	September 20, 2023	On September 18, LUMA received a request for comments related to the Juana Diaz-Ft. Allen/Pastillo substation. On September 20, LUMA responded.

Table 5-2: Material Litigation Update⁵

Case No. & Parties	Description	Significant Updates
Adv. Proc. No. 21-00041 UTIER v. Pierluisi et al.	Plaintiffs requested the annulment of the OMA mainly because it violates the Contracts Clause and does not comply with Act 120-2018, given that it does not recognize UTIER's collective bargaining agreement.	Plaintiffs did not file an appeal of the August 2023 opinion and order dismissing the Complaints filed by UTIER and SRAEE seeking to invalidate the OMA, including the claims against Wayne Stensby.
Adv. Proc. No. 21-00049 SRAEE v. Pierluisi et al.	In general, very similar to the case above. In addition, the claim alleges that the T&D OMA violates ERISA and would destroy the SRAEE due to lack of funds. Jointly briefed with Adv. Proc. 21-00041.	Same as above.
SJ2022CV02868 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 \$500 million in compensation for damages for LUMA's alleged failure to properly maintain and operate certain equipment pursuant to the T&D OMA, causing an island-wide blackout on April 6, 2022. LUMA was served in July 2022, and then LUMA filed a Notice of Removal with the Title III Bankruptcy court.	Motion to dismiss is pending adjudication.
SJ2022CV08894 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 September 15 the Court issued a Scheduling Order with the initial discovery. The Court ordered the parties to meet in January 2024 to schedule any additional discovery. A Status Conference hearing was scheduled for February 2024.
Civil Case No. SJ2023CV01793 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 September 20, 2023, the Municipality filed its Answer to Complaint. The Court entered an Order joining both cases under this case number. It also issued a new Order scheduling discovery.

⁵ 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. & Parties	Description	Significant Updates
Civil Case No. SJ2023CV02513 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.	Same as above.
<i>The following cases have had no significant changes since the last report:</i>		
Civil Case No. 22-CV-01357 – CADFI Corp. v. PREPA, LUMA and Municipality of San Juan		
Case No. 17- 04780 PROMESA Title III – Debtor: Puerto Rico Electric Power Authority (PREPA)		

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
Puerto Rico Comptroller's Office (OCPR), No. 15671	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.	On August 29 and September 8, LUMA received RFIs, to which LUMA responded on September 5 and September 13. On September 26, LUMA received another RFI, which is due after requesting an extension on October 4.
KPMG	Audit of PREPA Financial Statements	FY2022 – Since August 2023, the consultants for the PREPA audit have not been working due to lack of a contract. LUMA has been collecting pending information, which will be delivered when they return to their duties. It is currently unknown when the financial statements will be issued.
<i>The following audits have had no significant changes since the last report:</i>		
OCPR, No. 15592		
OCPR, RFI No. SIE-3518-15560-8		
OCPR, RFI No. SIE-3518-15560-16		
OCPR, No. SII-4029-15637-06		
P3A First Year (FY2022) Operations Audit		
Office of the Inspector General (OIG), No. E-169-23-005; RI-001		

7.0 Material OMA Items

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

- September 2023 was the tenth consecutive month in which **PREPA did not fully fund one or more of the Service Accounts** and thus failed to comply with its contractual obligations, in breach of the T&D OMA. LUMA has issued ten (10) non-compliance notices to PREPA and notified P3A. Specifically, as it relates to the Outage Event Reserve Account, PREPA has failed to provide any funds to replenish the account since February 2023, as required in section 7.5(d)(ii) of the T&D OMA.

PREPA Reorganization and Shared Services

- Following execution of the **Capital Contribution Agreements (“CCA”)** in June 2023, LUMA conducted a thorough review of the vehicle lists attached to the CCAs. As of the end of September, LUMA has not received confirmation from PREPA PropertyCo, PREPA HydroCo, and Genera (as GenCo Operator) of completion of 49 asset transfers, as requested by LUMA on August 28, 2023 to be completed by a deadline of September 8, 2023.
- LUMA, PREPA, AAFAF, and Genera teams held numerous meetings in September related to the transition and termination of the Shared Services Agreement (“SSA”) consistent with the December 31, 2023 termination date in the SSA. While LUMA has continued to offer support and cooperation, LUMA is very concerned with the lack of detailed planning and progress by PREPA and Genera to establish independent entities prior to the termination of the SSA on December 31, 2023. LUMA has no plans to continue the provision of Shared Services to HoldCo, HydroCo, or GenCo after the termination of the SSA.

PREPA Title III Exit

- The Puerto Rico government and the FOMB continue to work toward confirmation of PREPA's proposed plan of adjustment.
- In August, the FOMB announced that it had reached an agreement in principle with a substantial number of holders of PREPA bonds and that the parties were finalizing the settlement documentation which would be “open for all PREPA bondholders to join” and was incorporated into the third amended plan of adjustment. On September 29, 2023, the FOMB announced that the new deadline for PREPA bondholders to join the settlement is November 30, 2023.
- On September 7, 2023, the FOMB, AAFAF and various other parties submitted a status report with a proposed title III litigation schedule. Judge Swain entered a scheduling order on September 11, 2023 establishing the Confirmation hearing will be held in March 2024.
- On September 15, 2023, the FOMB filed a modified third amended plan of adjustment along with a proposed disclosure statement supplement describing the plan. The plan modifications include certain changes relating to the bondholder settlement and the new bond purchase agreement, changes to the covenants regarding interest rate, operation and maintenance, and additional indebtedness, and removal of PREB approval of the new rates as a condition precedent to confirmation, among other things.
- On September 22, 2023, the First Circuit Court of Appeals granted certain bondholders' requests for expedited consideration of Judge Swain's denial of their motion to lift the stay in PREPA's title

III case in order to pursue appointment of a receiver. Appellate briefing will be complete on October 24, 2023.

PREPA Accounting and Financial Risks

- On January 25, 2023, LUMA requested PREPA to provide balance sheet reconciliations. After repeated requests over the past seven (7) months, PREPA delivered the FY 2021 balance sheet reconciliations. LUMA is in the process of reviewing the received documents in order to assess them for completeness.

LUMA's Billing and Collection Efforts

- LUMA is currently implementing system corrections resolving the identified billing estimation algorithm issues, among others. The team is preparing to implement improvements into the system in August 2023.
- LUMA achieved a billing rate of 99.3% in September, of which more than 89% were billed on actual reads (less than 1% of all service accounts did not bill).
- More than 2,600 new payment agreements were reached with customers in September 2023, nearly 4 times the number of payment plans reached in the same period last year, for a total of over 44,000 since June 2021. In September 2023, LUMA completed over 68,000 outbound collection calls for a total of over 1.4M outbound calls since June 2021. LUMA's Revenue Protection team collected over \$90M directly because of outbound calls.

LUMA Budget Approval, Amendment and Reallocation

- LUMA is highly concerned regarding the procedural and substantive orders and decisions by the PREB on LUMA's budgets, reporting and related activities. There are currently outstanding unresolved issues stemming from PREB's decisions regarding budgets for FY2022, FY2023 and FY2024. These decisions impact LUMA's delivery of O&M Services and the implementation of the T&D OMA.

FY2024 Budget Allocation and Budget Filing

- PREB's June 25, 2023, R&O that resulted in a decrease of LUMA's FY2024 budget by \$14.8 million and imposed additional reporting requirements that went well beyond and contradicted the requirements of the T&D OMA. The initial determined reduction would materially impact LUMA's ability to deliver the O&M Services.
- On July 10, 2023, LUMA filed a motion in response to PREB's June 25, 2023 R&O requesting the PREB to reconsider its determination. Following this submission, on July 14, 2023, the PREB issued an order denying LUMA's request for reconsideration.
- On August 14, 2023, LUMA filed an appeal with the Court of Appeals against PREB's June 25, 2023, ruling. Shortly after, the PREB informed the court that it was reconsidering its June 25, 2023 R&O and LUMA agreed to withdraw its appeal with the Court of Appeals.
- On September 22, 2023 the PREB issued an R&O restoring LUMA's originally requested budget, raising the T&D Operating Expenditures from the originally approved amount of \$545.4 million to the originally proposed amount of \$560.3 million. The PREB also provided LUMA an additional \$11.5 million for Energy Efficiency Programs.

FY2023 Budget and Reallocation Request

- On July 10, LUMA filed a motion to show cause on why it should not be fined \$5,000 for reallocating funds in an amount exceeding 5% without obtaining the PREB's prior approval and failing to comply with the August 3, 2022 Order. LUMA is still awaiting a response to its motion.

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

- LUMA continues to follow up on LUMA's May 1 letter to P3A escalating concerns about PREB's budget amendment requirements issued with regards to the FY2022 and subsequent budgets.