



Monthly Report on the T&D System

For the Month of October 2023

November 14, 2023

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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 October 2023.

2.0 Monthly Sales Summary

- October consumption (GWh) was higher by 2.9% than the previous month (September) and by 55.7% than the same month of the previous year (October 2022). The primary cause of the increase from October 2022 was the impact of Hurricane Fiona. The load is still being affected by the high temperatures that were experienced since May. Energy sales (\$) in October increased by 24.8% from the previous month and by 7.3% from the same month of the previous year. The main driver for the increase from October 2022 was a higher consumption, while from the previous month was a higher 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 October	699.8	735.9	149.4	25.9	1.9	3.8	1,616.8
2023 September	679.2	714.8	146.1	26.4	1.4	3.4	1,571.3
2022 October	398.1	497.4	116.1	22.9	1.0	1.4	1,038.4

Table 2-2. Energy sales by rate component

Energy Sales (\$ Million)	Base	FCA ¹	PPCA ²	CILT & Subsidies ³	Total ⁴
2023 October	107.5	218.8	33.9	34.7	394.9
2023 September	103.8	141.5	42.7	28.4	316.4
2022 October	77.7	225.0	40.4	24.9	368.0

Table 2-3. Energy sales by customer segment

Sales (\$ Million)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2023 October	163.9	182.7	37.4	9.5	0.5	0.9	394.9
2023 September	130.1	148.2	28.4	8.8	0.3	0.6	316.4
2022 October	133.1	181.6	40.0	11.9	0.4	1.0	368.0

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. Seven (7) resulted in automatic underfrequency loadsheds and generation shortfalls.
- No emergency events occurred during the month of October.

Table 3-1: Significant Generation Outages

Date	Generation Outages
10/1/2023	AES: Planned Outage Cambalache 3: Forced Outage
10/2/2023	San Juan 5: Derated
10/3/2023	Aguirre Combine Cycles: Force Outage and Loadshed
10/4/2023	Aguirre 2: Loss of Load and Loadshed
10/6/2023	AES 1: Forced Outage and Loadshed
10/7/2023	Costa Sur 6: Derated
10/13/23	Aguirre 2: Derated
10/15/2023	Costa Sur 6: Derated Cambalache 2: Forced Outage
10/16/2023	Aguirre 2: Derated
10/18/2023	Palo Seco 3: Derated AES 1: Derated
10/20/2023	San Juan 9: Derated San Juan FEMA GT6: Shut Down
10/21/2023	Costa Sur 6: Derated San Juan 9: Forced Outage
10/23/2023	Costa Sur 6: Derated
10/24/2023	San Juan 9: Derated
10/26/2023	Costa Sur 6: Derated
10/27/2023	San Juan 5: Forced Outage ad Loadshed San Juan 6: Forced Outage and Loadshed Palo Seco 3: Forced Outage and Loadshed
10/28/2023	San Juan 5: Derated
10/29/2023	Costa Sur 6: Coordinated Outage
10/30/2023	San Juan 5: Forced Outage
10/31/2023	San Juan FEMA (all): Forced Outage and Loadshed

Table 3-2: Significant Transmission Outages

Date	Transmission Outages
10/01/2023	Line 37100 Tripped (Twice)
10/02/2023	Line 36100 Tripped Line 37500 Tripped
10/03/2023	Line 36400 Tripped
10/04/2023	Line 37100 Tripped Line 37900 Tripped Line 5400 Tripped
10/06/2023	Line 37800 Tripped Line 37100 Tripped Line 50500 Tripped
10/08/2023	Line 36100 Tripped
10/10/2023	Line 37800 Tripped Line 51200 Tripped and Reclosed Line 36300 Tripped
10/12/2023	Line 39100 Tripped Line 50200 Tripped Line 36300 Tripped
10/13/2023	Line 39000 Tripped
10/16/2023	Line 50200 Tripped Line 36400 Tripped
10/17/2023	Line 36400 Tripped Line 36300 Tripped Line 51200 Tripped
10/18/2023	Line 51200 Tripped Line 36400 Tripped
10/19/2023	Line 36400 Tripped (Twice)
10/20/2023	Line 36200 Tripped
10/22/2023	Line 36400 Tripped Line 50800 Tripped
10/25/2023	Line 36200 Tripped Line 51200 Tripped
10/26/2023	Line 50200 Tripped
10/27/2023	Line 36400 Tripped Line 40800 Tripped Line 38800 Tripped Line 38400 Tripped Line 38100 Tripped
10/28/2023	Line 36300 Tripped
10/29/2023	Substation Conquistador Tripped
10/30/2023	Line 36800 Tripped
10/31/2023	Line 40900 Tripped

4.0 Puerto Rico Energy Bureau Filings & Hearings

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

- [NEPR-MI-2019-0007](#) | **Legacy Performance Metrics** – On October 16, PREB issued a Resolution and Order (“R&O”) in response to LUMA’s submission of the Quarterly Performance Metrics Report filed on July 20, and LUMA’s motion of September 6, which was filed in response to the R&O of August 16. On October 31, LUMA filed a partial response in compliance with the R&O of October 16 and an additional motion to restate reliability metrics for Fiscal Year (“FY”) 2023.
- [NEPR-MI-2019-0016](#) | **DG Interconnection** – On October 17, LUMA attended the Compliance Hearing at PREB’s offices.
- [NEPR-MI-2023-0007](#) | **Microgrid Development** – On October 11, PREB issued a R&O where it opened a docket to initiate an informal process for stakeholder feedback on the 9028 Regulation of Microgrids and requested initial comments be submitted to PREB.
- [NEPR-MI-2022-0001](#) | **Energy Efficiency (“EE”) and Demand Response (“DR”)** – On October 13, LUMA submitted a motion informing PREB of the execution of two Master Aggregation Agreements with DR Aggregators for the Emergency Battery DR Program. LUMA also provided an update related to deadlines that were not under its control but dependent on DR Aggregators enrollment of customers. On October 30, LUMA submitted the FY2023 Transition Period Plan (“TPP”) Annual Report.
- [NEPR-MI-2021-0002](#) | **Federal Funding** – On October 27, LUMA submitted three FEMA project obligations for the Distribution Streetlighting Improvement Program.
- [NEPR-MI-2021-0004](#) | **LUMA’s Budgets** – On October 2 and October 10, LUMA submitted responses to the September 18 R&O, providing explanation of variances that were included in the Q4 Quarterly Report, which was filed on August 14. On October 12, LUMA filed a motion to reconsider a portion of the September 22 R&O that required LUMA to file consolidated budget to actual information for the System including results from Genera and PREPA. On October 25, PREB granted LUMA’s petition.
- [NEPR-MI-2019-0006](#) | **Emergency Response Plan (“ERP”)** – On October 23, LUMA submitted two motions, one in further compliance with the August 16 R&O which contained a LUMA led joint report regarding a coordinated Emergency Operations Center (“EOC”). The second motion was a request to vacate rulings of the August 16 R&O that require LUMA to amend the ERP with requirements not adopted by the Puerto Rico legislative assembly nor included in the T&D OMA.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On October 16, LUMA submitted an informative motion, informing PREB that the difference between the amount collected through the Fuel Cost Adjustment (“FCA”) rider and the amount spent on fuel for the legacy generation plants was in excess of \$20 million for the month of September. Recalculated FCA and Purchased Power Clause Adjustment (“PPCA”) factors for November and December were provided to PREB. PREB did not update the factors.

- [NEPR-AP-2023-0003](#) | **Rate Review** – On October 4, LUMA filed the *Phase I Report*, detailing LUMA's ability to comply with the requirements established for PREPA's first rate review in 2017, and speaking to the changes that might be needed to reflect the progress that has been made in PREPA's transformation. On October 24, PREB issued a R&O containing a series of Requests for Information ("RFIs") to be answered by LUMA, Genera, and PREPA in early November.
- [NEPR-MI-2023-0001](#) | **Wheeling Implementation** – On October 18, LUMA filed a motion to submit the updated Wheeling Services Agreement ("WSA") along with the WSA Application Form and LUMA's proposed Nonrefundable Fee. On October 24, PREB issued a R&O which deemed the stakeholder collaboration period concluded, granted stakeholders until November 30 to provide their comments on the updated WSA and any other item they believe is not resolved, and gave LUMA until December 31 to file a detailed proposal on wheeling implementation costs.
- [NEPR-AP-2023-0004](#) | **Integrated Resource Plan ("IRP") Review Proceeding** – On October 24, in compliance with Attachment B of the September 27 R&O, LUMA submitted responses to the RFI addressing questions on: Load Forecast, Resource Adequacy, and New Resource Cost Parameters. On October 25, LUMA submitted the presentation from the October 31 Technical Conference in compliance with Attachment A of the September 27 R&O, and also submitted a Motion with a correction to the Electric Vehicle ("EV") data that was submitted with the Response to RFI no. 5 originally filed the previous day (October 24). All data provided by LUMA in these filings is preliminary and subject to change. On October 31, PREB held the second pre-filing IRP technical conference, where two requests were presented: 1) flexibility on the quantitative requirement for scorecards, and 2) changing the filing date to June 28, 2024. PREB ordered LUMA to submit a motion with arguments for both requests within 10 working days.

Other filings in October:

- [NEPR-MI-2021-0013](#) | **EV** – October Time of Use Billing Integration Report (October 10)
- [NEPR-MI-2022-0003](#) | **Generation Stabilization Plan** – Twenty Second and Twenty Third Generation Stabilization Plan Reports (October 2 and October 16 respectively)
- [NEPR-MI-2019-0016](#) | **DG Interconnection** – DG Quarterly Report for the months of July through September (October 13)
- [NEPR-MI-2019-0007](#) | **Performance Metrics** – Quarterly Performance Metrics Report for the months of July through September (October 20)
- [NEPR-MI-2020-0019](#) | **System Remediation Plan ("SRP")** – FY23 Annual Report (October 30)
- [NEPR-MI-2021-0004](#) | **LUMA's Budgets** – FY23 Annual Report (October 30)

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 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
Senate Committee on Strategic Projects and Energy	Joint House Resolution 231	October 3	On September 8, LUMA received a request for comments related to JHRes231. On October 3, LUMA responded.
Senate Committee on Strategic Projects and Energy	House Bill 607	October 4	On September 8, LUMA received a request for comments related to HB607. On October 4, LUMA responded.
Senate Committee on Strategic Projects and Energy	Senate Bill 1269	October 4	On September 8, LUMA received a request for comments related to SB1269. On October 4, LUMA responded.
Senate Committee on Strategic Projects and Energy	Senate Bill 1279	October 2	On September 8, LUMA received a request for comments related to SB1279. On October 2, LUMA responded.
Senate Committee on Strategic Projects and Energy	House Bill 1810	October 4	On September 8, LUMA received a request for comments related to HB1810. On October 4, LUMA responded.
Senate Committee on Strategic Projects and Energy	Joint Senate Resolution 435	October 2	On September 8, LUMA received a request for comments related to JSRes435. On October 2, LUMA responded.
Espacios Abiertos - NGO	Act 141-2019, the "Transparency and Expedite Procedure Act"	October 25	On September 21, LUMA received a request for information. On October 25, LUMA responded.
House Committee on Economic Development, Planification, Telecommunications, Private-Public Partnerships and Energy	House Resolution 243	October 11	On October 9, LUMA received a request for comments and was summoned to participate in a <i>public hearing</i> . On October 11, LUMA responded and participated in the public hearing.
Senate Committee on Development and Public Funds Oversight of the Western Region	Joint Senate Resolution 416	October 27	On October 12, LUMA received a request for comments. On October 27, LUMA submitted the comments.

Committee	Bill or Resolution	Date of Last Update	LUMA Response or Legislation Title
Senate Committee on Development and Public Funds Oversight of the Western Region	Joint Senate Resolution 436	October 26	On October 12, LUMA received a request for comments. On October 26, LUMA submitted the comments.
Senate Committee on Development and Public Funds Oversight of the Southwestern Region	House Resolution 303	October 19	On October 16, LUMA received a notice to appear in an <i>on-site public hearing</i> in Ponce. On October 19, LUMA participated in the hearing.
La Fortaleza – Office of Legislative Affairs	Joint Senate Resolution 314	October 24	On October 20, LUMA received a request for comments. On October 24, LUMA submitted comments.
La Fortaleza – Office of Legislative Affairs	Joint Senate Resolution 271 (Conf.)	October 24	On October 20, LUMA received a request for comments. On October 24, LUMA submitted comments.
La Fortaleza – Office of Legislative Affairs	Senate Bill 484 (Conf.)	October 24	On October 20, LUMA received a request for comments. On October 24, LUMA submitted comments.
La Fortaleza – Office of Legislative Affairs	Senate Bill 1064	October 24	On October 20, LUMA received a request for comments. On October 24, LUMA submitted comments.
House Committee on Economic Development, Planification, Telecommunications, Private-Public Partnerships and Energy	Senate Bill 447	October 24	On October 26, LUMA was summoned to participate on a <i>public hearing</i> to be held on November 1.

Table 5-2: Material Litigation Update⁵

Case No. & Parties	Description	Significant Updates
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.

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.

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.	Discovery has initiated. The parties have exchanged First Sets of Interrogatories and Requests for Production of Documents. A Status Conference hearing is scheduled for February 2024.
<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)		
Civil Case No. SJ2023CV02513; Civil Case No. SJ2023CV01793 (consolidated) – LUMA Energy ServCo, LLC V. Municipio Autónomo de Manatí		

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 September 26, LUMA received an RFI, to which LUMA responded on October 4. On October 2 and October 11, LUMA received four RFIs, to which LUMA responded on October 3, 17, and 18. Another RFI is due on November 3.
KPMG	Audit of PREPA Financial Statements	FY2022 – From August to October 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 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

- October was the eleventh 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 eleven (11) 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, 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, to be completed by a deadline of September 8, 2023. After several follow ups, on October 19, LUMA escalated its concerns to PREPA's Executive Director, however the matter is unresolved.
- 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, 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. LUMA has no plans to continue the provision of Shared Services to HoldCo, HydroCo, or GenCo after the termination of the SSA. On October 20, LUMA further escalated its concerns and reaffirmed the November 1 deadline for PREPA and Genera to request extensions of any shared services.

PREPA Title III Exit

- The Puerto Rico government and the FOMB continue to work toward confirmation of PREPA's proposed plan of adjustment. Discovery in respect of the plan is ongoing.
- On October 3, the FOMB filed a second modified third amended plan of adjustment along with a proposed modified disclosure statement supplement describing the plan. The plan modifications generally were intended to correct certain clerical errors, update certain dates consistent with the parties' agreements and the court's orders, and conform the plan to the various settlement agreements.
- On or around October 13, numerous parties (including UTIER, SREAEE, certain bondholders and the PREPA bond trustee, the official creditors' committee, Isla del Rio Inc., PV Properties/Windmar, ICSE, and LUMA, among others) filed objections to the disclosure statement describing PREPA's proposed plan of adjustment. LUMA's limited objection was intended to clarify certain points in the FOMB's disclosure statement that were inaccurate or misleading. Other parties, such as the bondholders, argued that not only was disclosure inadequate, but the proposed plan of adjustment is “patently unconfirmable” and, therefore, the disclosure statement should not be approved.

- On October 27, the FOMB filed a third modified third amended proposed plan, a further modified supplemental disclosure statement, and a reply brief responding to the disclosure issues identified in the parties' various objections.

PREPA Accounting and Financial Risks

- On January 25, LUMA requested PREPA to provide balance sheet reconciliations. After repeated requests over 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 and enhancements related to system issues impacting customer bills. The team has been implementing improvements and changes in the system since August including resolving more than 1.5 million historical exceptions related to meter read errors. LUMA implemented in September a control process to ensure bills generated are evaluated if the total dollar amount of the bill exceeds a set threshold. In November and December, LUMA is preparing to deploy multiple additional improvements and corrections with a focus on issues impacting estimated customer bills.
- LUMA reached 2,899 new payment agreements with customers in October, for a total of over 47,000 since June 2021. In October, LUMA completed over 98,000 outbound collection calls for a total of over 1.5 million outbound calls since June 2021. LUMA's Revenue Protection team collected over \$28 million directly related to active customer collections including outbound calls, letters, emails and inbound calls,
- LUMA has been working closely with the central government on past due accounts receivables for government agencies and corporations over the last 12 months. This effort has resulted in a total government accounts debt reduction of over \$210 million with the vast majority of government agencies and corporations maintaining only current balances on their electrical accounts.

LUMA Budget Approval, Amendment and Reallocation

- LUMA is highly concerned regarding the procedural and substantive orders and decisions by 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

- On October 12, LUMA requested that PREB reconsider the determination to require LUMA file budgets to actuals for the Electric System on behalf of GridCo, GenCo, and HoldCo. On October 25, PREB released LUMA from all orders that require LUMA to submit financial motions or reports for Genera and/or PREPA in connection with the approved FY 2024 budgets.

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 PREB's prior approval and failing to comply with the August 3, 2022 Order. LUMA is still awaiting a response to its motion.
- On October 30, LUMA filed its FY2023 Annual Report with the PREB. Within the report LUMA noted that its Non-Federally Funded Capital Expenditures exceeded the PREB approved FY2023 budget by \$3.8 million, while Operating Expenditures came in under budget by \$12.7 million, creating a positive variance of \$8.9 million for the fiscal year. Due to PREB's June 29 R&O, which arbitrarily bars LUMA from presenting amendment or reallocation requests near the end of the fiscal year, LUMA was unable to request a reallocation for the variances outlined above once LUMA completed a review of its FY2023 financial positions and better understood where and why variances existed.

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.