



Monthly Report on the T&D System

For the Month of January 2022

February 14th, 2022

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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 for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Transmission and Distribution Operating 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 January 2022.

2.0 Monthly Sales Summary

- Overall, billed sales in January decreased from December and slightly increased compared to the same period a year ago.
- Compared to the same period last year, Residential billed sales decreased, and Commercial and Industrial billed sales increased.
- Fuel costs critical to generation of energy by PREPA and/or other energy generators remain substantially higher compared to same period last year due to increased global market prices, higher dispatch of less efficient generating units (due to unavailability of many units) and updated supply contract terms.

Table 2-1. Energy billed by customer segment¹

| Consumption (GWh) | Residential | Commercial | Industrial | Public Lighting | Agriculture | Other Authorities | Total |
|-------------------|-------------|------------|------------|-----------------|-------------|-------------------|---------|
| 2022 Jan. | 511.1 | 542.9 | 163.1 | 23.5 | 2.2 | 2.5 | 1,245.3 |
| 2021 Dec. | 555.1 | 673.5 | 157.8 | 21.1 | 2.3 | 2.8 | 1,412.6 |
| 2021 Jan. | 522.1 | 530.4 | 131.7 | 24.5 | 1.9 | 2.7 | 1,213.3 |

Table 2-2. Energy sales by rate component¹

| Energy Sales (\$M) | Base | FCA ² | PPCA ³ | CILT & Subsidies ⁴ | Total |
|--------------------|-------|------------------|-------------------|-------------------------------|-------|
| 2022 Jan. | 79.6 | 186.0 | 40.4 | 20.2 | 326.2 |
| 2021 Dec. | 104.2 | 154.3 | 44.4 | 19.9 | 322.8 |
| 2021 Jan. | 86.9 | 81.4 | 33.2 | 18.4 | 219.9 |

Table 2-3. Energy sales by customer segment¹

| Energy Sales (\$M) | Residential | Commercial | Industrial | Public Lighting | Agriculture | Other Authorities | Total |
|--------------------|-------------|------------|------------|-----------------|-------------|-------------------|-------|
| 2022 Jan. | 131.7 | 144.0 | 40.4 | 8.6 | 0.6 | 0.9 | 326.2 |
| 2021 Dec. | 119.2 | 161.7 | 33.2 | 7.5 | 0.5 | 0.7 | 322.8 |
| 2021 Jan. | 90.0 | 99.8 | 22.1 | 7.2 | 0.4 | 0.4 | 219.9 |

Footnotes

- 1: As billed.
- 2: FCA: Fuel Charge Adjustment
- 3: PPCA: Purchased Power Charge Adjustment
- 4: CILT: Contribution In Lieu of Taxes

3.0 Outage Summary

Reported Events

- No Emergencies, Outage Events or Major Outage Events were recorded in January.
- A number of generation outages occurred throughout the month that directly contributed to two load shedding events.

Table 3-1: Significant Generation Outages

| Date | Description of outage |
|-----------|---|
| 1/02/2022 | Aguirre 1: Derated |
| 1/07/2022 | Costa Sur 6: Derated |
| 1/08/2022 | Costa Sur 6: Derated |
| 1/11/2022 | San Juan CT6: Forced Outage |
| 1/13/2022 | Aguirre 1: Derated Costa Sur 5: Forced Outage; Load Shed |
| 1/14/2022 | Costa Sur 6: Derated Palo Seco 4: Forced Outage |
| 1/15/2022 | San Juan 5: Forced Outage; Load shed |
| 1/17/2022 | Palo Seco 3: Derated Palo Seco 4: Derated San Juan 7: Forced Outage |
| 1/18/2022 | Costa Sur 5: Derated |
| 1/19/2022 | Aguirre 2: Derated |
| 1/20/2022 | Palo Seco 4: Forced Outage Costa Sur 5: Derated |
| 1/21/2022 | Aguirre 2: Derated |
| 1/23/2022 | ECO CT1: Forced Outage Aguirre 1: Derated |
| 1/26/2022 | Daguao 1-2: Forced Outage Mayaguez 4B: Forced Outage Jobos 1-1: Forced Outage |
| 1/27/2022 | Daguao 1-2: Forced Outage |
| 1/28/2022 | Mayaguez 4: Forced Outage |
| 1/30/2022 | Aguirre 1: Derated |

Table 3-2: Significant Transmission Outages

| Date | Description of outage |
|-----------|---|
| 1/05/2022 | Line 51000 Aguirre-Aguas Buenas TC: Forced Outage |
| 1/10/2022 | Line 50500 Cambalache GP-Mora TC-Mayaguez TC: Forced Outage Line 36700 in Mayaguez TC to Mayaguez GP: Forced Outage Line 36700 Mayaguez TC to San Sebastian TC: Forced Outage Line 700 in Costa Sur SP to Yauco HP2: Forced Outage |

4.0 PREB Filings & Hearings

As part of our commitment to transparency, LUMA participated in and supported discussions with the Energy Bureau across a broad range of topics.

- [NEPR-AP-2020-0025](#) | **LUMA's Performance Metrics** – On January 7, 2022 LUMA requested procedural timeline changes to address the Energy Bureau's December 22, 2021 Resolution & Order for LUMA to propose new metrics. As a result of lack of responses from intervenors, LUMA sent letters to such intervenors requesting more fulsome responses. LUMA also prepared rebuttal on intervenor testimony due February 1, 2022 and requested an extension on certain rebuttals given the delayed responses on discovery by ICPO and LECO. On January 27, 2022 LECO requested a second discovery period - discovery on rebuttal - and an amendment to the procedural calendar, to which LUMA filed an Intent to Object motion on January 31, 2022.
- [NEPR-MI-2019-0007](#) | **Performance Metrics** – In response to PREB's December 14, 2021 Resolution and Order, LUMA filed the plan to obtain & submit applicable Wind Metric data for the March 21, 2022 filing on January 21, 2022.
- [NEPR-MI-2020-0012](#) | **IRP** – On January 25, 2022 LUMA participated in a technical conference with the Energy Bureau to proactively review the planned process for the next IRP cycle and provide updates on current status. LUMA also answered questions about the IRP RFQ/RFP and discussed next steps which includes the Energy Bureau's approval of the filed RFQ/RFP.
- [NEPR-MI-2021-0013](#) | **Electric Vehicles** – On January 27, 2022 LUMA attended and presented in a technical workshop regarding the state of the grid, potential infrastructure and policy changes to support growth of electric vehicles, LUMA's approved strategy for the recovery and transformation of the Puerto Rico T&D System, and an overview of LUMA's Demand Response pilot programs.
- [NEPR-MI-2021-0009](#) | **Puerto Rico Cost Test** – On January 5, 2022 LUMA responded to a request for information from the Energy Bureau for data to support an Avoided Cost analysis conducted by the Energy Bureau's consultants.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On January 21, 2022 LUMA and PREPA filed a joint report to respond to the San Juan 5 and 6 Fuel Shift in compliance with PREB Order during the December 22, 2021 technical conference. The joint report was amended and filed on January 28, 2022, to reflect revisions by PREPA.
- [NEPR-MI-2020-0018](#) | **Physical Security Plan** – On January 14, 2022, LUMA submitted the third Physical Security Progress Report.
- [NEPR-MI-2021-0008](#) | **Customer Bill** – On January 28, 2022 LUMA submitted a revised Model Bill rendered through the bill presentment software, reflecting minor updates that are not material.

- [NEPR-AP-2018-0004](#) | **Unbundling** – On January 25, 2022 LUMA filed a response and opposition to a January 5, 2022 Resolution & Order in which it took administrative notice of multiple different files.
- [NEPR-MI-2021-0004](#) | **Initial Budget** – On January 21, 2022 LUMA received two Resolution & Orders from the Energy Bureau. One where the Energy Bureau requested fifteen additional information requests related to the federal and non-federal procurement manuals, with responses due on February 25, 2022. A second, which ordered PREPA to submit previously requested information no later than February 18, 2022, and for LUMA to advise on the energy demand forecast utilized in its modification request.

5.0 Legislative and Legal Matters

- 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 Senate and House of Representatives members and staff over the course of many weeks and months on some occasions.
- Responding to these inquiries requires considerable resources and time from LUMA to comply with legislative or legal requests.

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

| Committee | Bill or Resolution | Requesting Comment On or Filed | LUMA Response or Legislation Title |
|--|----------------------------|--------------------------------|--|
| House Committee on Transportation, Infrastructure and Public Works | House Joint Resolution 249 | January 10, 2022 | Requires PRASA, LUMA and PREPA to offer their customers or subscribers a 12-month moratorium on payment of the increase in bills for potable water and electricity services, and prohibits imposition and collection of surcharges, penalties and/or suspension of services to those who decide to take advantage of said moratorium due to the sanitary emergency caused by Covid-19. Likewise, it prohibits the Highway Authority from increasing toll rates on highways for the next 12 months. |
| Senate Committee on Internal Affairs | Senate Resolution 462 | January 14, 2022 | Directs the Committee on Economic Development, Essential Services and Consumer Affairs of the Senate of Puerto Rico to investigate the role of PREB in evaluating and approving the continued increase in electric power rates in Puerto Rico. |
| Senate Committee on Internal Affairs | Senate Joint Resolution 41 | January 20, 2022 | To reject establishment of a nuclear reactor in Barrio Islote in Municipality of Arecibo; to order Agencies, Dependencies, Offices, Instrumentalities of the Government of Puerto Rico to |

| | | | |
|---|----------------------|------------------|--|
| | | | refrain from endorsing or authorizing construction of a nuclear reactor. |
| Committee on Energy and Strategic Affairs | Senate Bill 728 | January 20, 2022 | To amend Section 6.39 of Act 57-2014, the Energy Transformation and RELIEF Act, to provide PREPA with instruments for the collection of delinquent debts that affect its financial stability; to order the Department of the Treasury to create the Puerto Rico Electric System Stabilization Fund with special state and federal appropriations, with the proceeds from delinquent debt, and with the proceeds of non-current delinquent debt that agencies of the federal government, state government, public corporations and municipalities have with PREPA to stabilize the cost of electric energy; and to amend Article 6.3 of Act 57-2014, to empower PREB to develop processes for purchase of long-term fuel, considering financial tools and strategies that allow the purchase of fuel in futures markets by PREPA and any electric service company or independent power producer that sells or supplies energy to PREPA. |
| House Committee on Internal Affairs | House Resolution 654 | January 28, 2022 | Investigation by the Committee on Economic Development, Planning, Telecommunications, Public-Private Partnerships and Energy into negotiations between PREPA and AES Puerto Rico, leading to the transfer of the Guayama coal plant to PREPA, the contracting of AES as operator, and the expenses that the government would assume, associated with the generation of energy based on coal, the purchase of coal and other environmental costs. |

Table 5-2: Material Litigation Activity⁵

| Case No. | Party Names | Description | Significant Updates |
|--------------------------------|---------------------------|--|--|
| Adv. Proc. No. 21-00041 | UTIER v. Pierluisi et al. | Plaintiffs are requesting to annul the 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. | The Motion to Dismiss is pending adjudication. |

| Case No. | Party Names | Description | Significant Updates |
|--------------------------------|--|---|---|
| Adv. Proc. No. 21-00049 | SREAEE v. PIERLUISI et al. | Similar claims to 21-00041. In addition, alleges that the OMA violates ERISA and would damage the SREAEE due to lack of funds. | No developments in January. |
| Case No. KLRA202100406 | 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. | The case is now submitted pending adjudication by the Puerto Rico Court of Appeals. |
| Adv. Proc. No. 21-00059 | Senate of P.R. v. Commonwealth of P.R., et al. | Senate seeks to invalidate the OMA because it was not registered in the Puerto Rico Property Registry. | A motion to remand to state court is pending adjudication. |

Footnote

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.

6.0 Material OMA Items

- **PREPA Reorganization:** The PREPA Governing Board approved the creation of three subsidiaries (GenCo, HydroCo and NewCo) but not the form of Capital Contribution Agreements.
- **GridCo-GenCo Operating Agreement:** There were no material updates in January. LUMA awaits action from PREPA's Governing Board on this overdue agreement.