

**COMMONWEALTH OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

NEPR

Received:

Feb 14, 2023

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IN RE:

REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY'S
SYSTEM REMEDIATION PLAN

CASE NO. NEPR-MI-2020-0019

**SUBJECT: Submission of Quarterly Report for the
Second Quarter of Fiscal Year 2023**

**MOTION TO SUBMIT QUARTERLY REPORT FOR THE SECOND QUARTER OF
FISCAL YEAR 2023**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC ("ManagementCo"), and **LUMA Energy ServCo, LLC** ("ServCo"), (jointly referred to as "LUMA"), and respectfully state and request the following:

1. On June 23, 2021, this honorable Puerto Rico Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") issued and published a Resolution and Order approving LUMA's System Remediation Plan ("June 23rd Order"). In Section IV, paragraphs 1 through 3 of the June 23rd Order, this honorable Energy Bureau directed that, starting on September 15, 2021, LUMA shall file reports every two months on the implementation of the approved System Remediation Plan ("SRP") that shall include:

- i. Actual spending amounts, broken down by spending initiative/portfolio, and reflecting in detail any variances from the [SRP];
- ii. A detail[ed] timeline per portfolio with sufficient detail to allow the Energy Bureau to assess project status for [SRP] capital expenditures and operational initiatives; and
- iii. Any capital expenditure or operational initiatives that are behind schedule, compared to the initial [SRP] timeframe and a detail[ed] explanation as to the cause of the delay and the corrective actions implemented to prevent further delays, as applicable.

June 23rd Order at pp. 37-38.

2. On August 25, 2021, this Energy Bureau issued a Resolution and Order (“August 25th Order”) modifying the bimonthly reporting requirement to a quarterly basis and establishing a filing due date for these reports of thirty (30) days following the close of the reported quarter. See August 25th Resolution at p. 3. Thereafter, on November 4, 2021, this Energy Bureau issued a Resolution and Order (the “November 4th Order”) establishing a filing date for these reports of forty-five (45) days after each quarter closes. See November 4th Order at p. 2.

3. On November 30, 2022, LUMA submitted the Quarterly Report for the First Quarter of Fiscal Year 2023.

4. In compliance with the June 23rd Order, as modified by the August 25th Order and the November 4th Order, and in accordance with the Extension Request, LUMA hereby submits to the Energy Bureau, attached as *Exhibit 1*, its second Comprehensive Quarterly Report of Fiscal Year 2023, for the Second Quarter ending December 31, 2022 (“Q2 Report”). The Q2 Report contains the information required in Section IV, paragraphs 1 through 3 of the June 23rd Order. This Q2 Report also addresses the quarterly reporting requirement set in case No. NEPR-MI-2021-0004, *In Re: LUMA’s Initial Budgets* (“Initial Budgets Proceeding”) and will be submitted in the docket of that proceeding.

5. The Q2 Report meets LUMA’s quarterly reporting obligations under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement executed among the Puerto Rico Electric Power Authority, LUMA and the Puerto Rico Public Private Partnerships Authority (“P3 Authority”) dated as of June 22, 2020 (“T&D OMA”) and will be submitted to the P3 Authority to comply with such requirements. See T&D OMA, Annex I, Section VI(B), paragraphs (4) and (5).

WHEREFORE, LUMA respectfully requests that the honorable Energy Bureau **take notice** of the aforementioned on the filing of the Q2 Report; **accept** the attached *Exhibit 1* in compliance with the quarterly reporting requirements in the June 23rd Order, as modified by the August 25th Resolution and the November 4th Resolution, in the instant proceeding; and **deem** LUMA in compliance with such reporting requirements.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of February 2023.

I hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. I also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: jmarrero@diazvaz.law and kbolanos@diazvaz.law.



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Exhibit 1
Q2 Report
Schedules in excel format to be submitted via email



LUMA Quarterly Report

For the Second Quarter of Fiscal Year 2023

Ending December 31, 2022

LUMAPR.COM

ProgresoDeLUMAPR.COM

Delivering a Brighter Energy Future for Puerto Rico

The over 3,000 men and women of LUMA are proud to serve the people of Puerto Rico as we continue to transform and modernize Puerto Rico's energy grid. LUMA continues to make measurable progress to improve the electric system despite the years – if not decades – of neglect the system suffered under the prior operator. We are committed to building the energy system our customers expect and deserve and delivering a brighter energy future for Puerto Rico.

The second quarter of Fiscal Year 2023 was marked by LUMA's historic and system-wide repair and reconstruction efforts to \$3 billion of critical infrastructure that was severely damaged by Category 1 Hurricane Fiona which brought 100 mph winds, over 30 inches of rain and widespread flooding to the island in September. In addition, LUMA continued to deliver on our mission to build a more reliable, more resilient, more customer-focused and cleaner energy system. During the past six months we have replaced or repaired over 25,000 streetlights, replaced over 1,735 broken or failing poles, activated net metering for over 17,000 rooftop solar installations representing 90 MW, and reclaimed ~600 miles of transmission and distribution right-of-way.

LUMA operates government-owned transmission and distribution assets under a long-term partnership agreement administered as part of a public-private partnership overseen by the P3 Authority and subject to regulatory oversight by the Puerto Rico Energy Bureau. This report outlines our key activities for the second quarter of fiscal year 2023 dating from October 1, 2022, to December 31, 2022.

Prioritizing Safety

We're getting workers the training they need to be effective while staying safe. We continue to see improvement in key safety metrics and, in Q2 alone, LUMA safety specialists completed over 1,200 inspections.

System Rebuild and Resiliency

We're repairing the most critical grid assets and advancing federally funded capital projects and programs including the construction and energization of four federally funded projects to date.

Improving Customer Satisfaction

We continue to create new paths to listen and respond to customers including re-opening the contact center in Aguadilla following repairs to damages caused by Hurricane Fiona.

Operational Excellence

We continue to grow our skilled workforce through an expanded focus on specialized training including having 234 employees participate in the accredited Utility Lineworker Apprenticeship and Upskilling Program.

Sustainable Energy Transformation

We continue to advance renewable energy in Puerto Rico by activating net metering for over 17,000 solar installations and collaborating in groundbreaking initiatives such as the PR100 study.

Our Mission for Puerto Rico

To recover and transform the utility to deliver customer-centric, reliable, resilient, safe, and sustainable electricity at reasonable prices



PRIORITIZE SAFETY

Reform utility activities to support a strong safety culture focused on employee safety and the safety of the people of Puerto Rico



IMPROVE CUSTOMER SATISFACTION

Transform utility operations to deliver a positive customer experience and reliable electricity at reasonable prices



SYSTEM REBUILD & RESILIENCY

Effectively deploy federal funding to restore the grid and improve the resilience of vulnerable infrastructure



OPERATIONAL EXCELLENCE

Enable employees to pursue operational excellence through new systems, processes, and training



SUSTAINABLE ENERGY TRANSFORMATION

Modernize the grid and the utility to enable the sustainable energy transformation

LUMA's Response to Hurricane Fiona

LUMA's response and restoration efforts following Hurricane Fiona represent a historic undertaking that has never been seen before in Puerto Rico. Unlike previous hurricanes, 90% of customers were restored in 12 days. The below summary provides key information and data outlining the significant work performed by LUMA to restore power to the company's 1.5 million customers.

Restoration Efforts



OVER 90% of customers restored in 12 days



2,500+ Utility workers deployed



2,500+ Vehicles deployed



239 Total flight hours, **12,000+** miles flown customers

Damage Assessments

\$3+ Billion in damages sustained



54% of Distribution feeders damaged



30% of Transmission line damaged



7 Substations experienced severe flooding or were rendered inaccessible

Public Information



1,759 Radio announcements



1,135 Social media updates



435 Updates provided



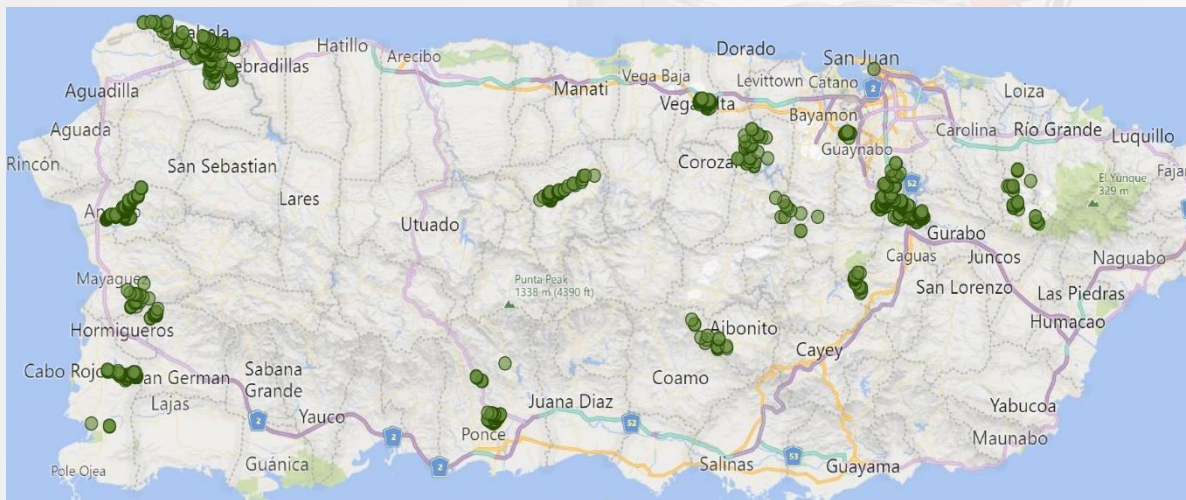
34 Videos posted

Repair and Reconstruction following Hurricane Fiona

Following the historic restoration response to Hurricane Fiona, the over 3000 men and women of LUMA immediately shifted focus back to the repair and reconstruction of the transmission and distribution electric grid. Since Hurricane Fiona, LUMA's continued perseverance has resulted in the following key accomplishments:

- Assessed more than **990 pieces of substation equipment**, and **executed 23 key repairs** to help prevent island-wide blackouts
- Completed deployment of more than **300 distribution and automation devices** to improve reliability
- Completed **910 repairs to the electric grid**
- Replaced over **1,175 power poles**
- Replaced **21 substation battery banks**
- **Re-opened the Aguadilla Contact Center** following damages from Hurricane Fiona
- Replaced or repaired more than **20,330 meters**

In the second quarter of fiscal year 2022 following the hurricane, LUMA completed repair and reconstruction activities in over 840 locations across the island:



Progress during Fiscal Year 2023

Delivering on LUMA's Mission and Goals

ENHANCING RELIABILITY

Installed

136 DISTRIBUTION
AUTOMATION DEVICES

in a 100-day period



EXPANDING RENEWABLES

Activated

18,000+ ROOFTOP
SOLAR INSTALLATIONS

representing over **90 MW**



IMPROVING SAFETY

Trained

234 EMPLOYEES

in the Utility Lineworker
Apprenticeship and Upskilling
Program



INCREASING RESILIENCY

Replaced

1,735+

BROKEN AND FAILING
utility poles



BETTER CUSTOMER SERVICE

Answered

1,866,500+

CALLS with an average
wait time of under **3 MINUTES**



ADVANCING FEDERAL FUNDED PROJECTS

Constructed and energized

4

FEDERALLY FUNDED
capital projects



Prioritizing Safety and Training

- 234 employees continue to participate in the **Utility Lineworker Apprenticeship and Upskilling Program**
- 31 employees received **744 hours of fleet maintenance training** from a specialized manufacturer
- **Over 1,200 inspections** were completed by LUMA safety specialists throughout the quarter
- Conducted community **electrical safety seminars** with municipalities of Isabela and Aguadilla
- **~300 employees completed FEMA's National Incident Management System training** for a total of ~2,000 hours



Empowering Our Communities

- **Kicked off science, technology, engineering & mathematics programs in local schools** for middle school students including first Electric Vehicle challenge for *Impulsando Tu Futuro* - Power Your Future
- Renewed the partnership with the Boys & Girls Clubs of Puerto Rico which **supports ~600 youths through the *Plan for the Future*** program
- Helped **70 college freshmen** through the ***Transition to College*** Initiative with the Boys & Girls Clubs of Puerto Rico
- **Supported 300 participants** between the ages of 13-18 through their ***Diplomas to Degrees*** Program with the Boys & Girls Clubs of Puerto Rico
- **Participated in fundraising events** with Hogar Cuna San Cristóbal, Fundación CAP, Make-A-Wish Foundation and the Boys & Girls Clubs of Puerto Rico

Improving Outreach and Response to Our Customers

- Responded to over **1,866,500 customer calls**, since the start of the fiscal year
- Answered the phone, on average, in **under 3 minutes throughout the quarter**
- Completed renovations of the facilities for three regional Contact Centers located in Aguadilla, Isabela and Ponce and **successfully re-opened the Aguadilla Contact Center** following damages from Hurricane Fiona
- Launched the outbound collection call campaign to engage with customers with outstanding account balances and provide information on payment options resulting in a **35% improvement to the collection call "no answer" rate**
- Responded to **over 294,000 social media messages**, since the start of the fiscal year



Advancing Federally Funded Projects

- Constructed and **energized four federally funded projects**
- Completed the **first FEMA-funded substation project** at Manatí Transmission Center and completed three other distribution infrastructure replacement projects
- Submitted initial SOWs for **282 projects to FEMA representing an estimated \$6.7 billion** in reconstruction work since commencement of operations
- **Received FEMA Obligation for 61 projects** representing \$349 million since commencement of operations
- Submitted **five funding proposals to US Department of Energy** including \$180 million proposal to harden a portion of the underground transmission loop in San Juan

Repairing, Restoring & Rebuilding the Electric Grid

- Replaced over **1,735 broken and failing utility poles**, including over 380 replacements due to damage from Hurricane Fiona, since the start of the fiscal year
- **Replaced or repaired more than 20,330 meters** and **activated 1,200 meters for Automatic Meter Reading** system
- **Replaced or repaired over 25,000 streetlight luminaires** as part of the \$1 billion Community Streetlight Initiative and daily operations in the municipalities of Aguada, Cataño, Aibonito, Dorado, Hatillo, Guánica, Lajas, Luquillo, Maunabo and Villalba since the start of the fiscal year
- **Cleared ~600 miles of vegetation** from transmission and distribution lines since the start of the fiscal year including 26 miles cleared on federally funded capital projects

Empowering the Sustainable Energy Transformation

- Activated net metering for **17,000+ rooftop solar installations** representing over 90 MW since the start of the fiscal year
- Completed interconnection studies for 28 renewables projects **representing 879 MW of solar and 580 MW of battery energy storage systems**
- Worked with FEMA Power System Stabilization Task Force to deploy **up to 700 MW in temporary generation** to prevent island-wide blackouts due to generation shortages
- Continued to support shovel ready projects including Ciro One 90 MW solar, Xzerta Tec 60 MW solar and Punta Lima 27 MW wind by **completing interconnection studies**
- Provided continued support to the Puerto Rico Energy Bureau and the ACCION Group in the execution of the next Request for Proposal process seeking to procure **1000 MW of renewable generation** and **500 MW of energy storage** resources

Q2 FY2023 Financial Performance

At December 31, 2022, **LUMA's spending was within budget for the first half of Fiscal Year 2023 (FY2023)**, spending 46% of its annual operational and non-federally funded capital budget¹. At this time, **LUMA remains on or under budget and does not expect to seek a modification to the Base Rate established by the Energy Bureau's 2017 Rate Order.**

Summary of Q2 FY2023 Spending (\$ millions)

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals	YTD Budget ¹	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures ²	\$ 547.8	\$ 136.6	\$ 137.8	\$ 277.0	\$ 263.1	\$ 13.9	
Non-Federally Funded Capital Expenditures ²	\$ 79.8	\$ 20.3	\$ 16.7	\$ 43.6	\$ 26.3	\$ 17.3	
Subtotal²	\$ 627.6	\$ 156.9	\$ 154.5	\$ 320.6	\$ 289.4	\$ 31.2	10%
Federally Funded Capital Expenditures	\$ 580.7	\$ 144.0	\$ 55.8	\$ 287.5	\$ 93.5	\$ 194.0	67%

¹ FY 2023 Budget figures above include a 2% Reserve for Excess Expenditures and Interim Costs and Expenses.

² Figures may not add due to rounding.

¹ LUMA plans to seek reimbursement from the Federal Emergency Management Agency (FEMA) for many of the emergency costs incurred to restore the grid following Hurricane Fiona.

Transmission & Distribution Operating Expenditures (\$ millions)

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	246.5	60.8	73.4	124.6	133.3	(8.7)	
Total Labor	\$ 246.5	\$ 60.8	\$ 73.4	\$ 124.6	\$ 133.3	\$ (8.7)	(7%)
Non-Labor							
Materials & Supplies	36.7	9.2	12.5	18.4	19.9	(1.5)	
Transportation, Per Diem, and Mileage	28.3	7.1	(0.6)	14.3	3.7	10.6	
Property & Casualty Insurance	21.7	5.5	3.9	10.9	8.0	2.9	
Security	9.7	2.5	2.2	4.9	4.4	0.5	
IT Service Agreements	25.1	6.4	3.7	12.9	10.9	2.0	
Utilities & Rents	10.0	2.2	3.2	5.6	6.4	(0.8)	
Legal Services	7.6	2.2	2.5	4.0	4.1	(0.1)	
Communications Expenses	1.4	0.4	0.1	0.7	0.1	0.6	
Professional & Technical Outsourced Services	81.9	20.8	20.7	41.3	43.1	(1.8)	
Vegetation Management	50.0	12.5	13.8	25.0	25.0	-	
Regulation and Environmental Inspection	0.5	0.2	0.2	0.3	0.2	0.1	
Other Miscellaneous Expenses	17.7	4.1	2.2	8.7	4.0	4.7	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 290.6	\$ 73.1	\$ 64.4	\$ 147.0	\$ 129.8	\$ 17.2	12%
Subtotal	\$ 537.1	\$ 133.9	\$ 137.8	\$ 271.6	\$ 263.1	\$ 8.5	3%
2% Reserve for Excess Expenditures	10.7	2.7	-	5.4	-	5.4	
Total Operating Expenditures	\$ 547.8	\$ 136.6	\$ 137.8	\$ 277.0	\$ 263.1	\$ 13.9	5%

¹ Figures may not add due to rounding.

Operating Expenditures by Department

Customer Experience Operational Expenditures (\$ millions)

LUMA's Customer Experience Department is core to LUMA's mission to deliver customer-centric, reliable, resilient, safe, and sustainable electricity. Through the implementation of appropriate communication protocols and standard billing and collection practices, LUMA has served customers with courtesy, captured efficiencies, and created proactive solutions for customers.

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	44.8	11.3	9.6	22.4	19.1	3.3	
Total Labor	\$ 44.8	\$ 11.3	\$ 9.6	\$ 22.4	\$ 19.1	\$ 3.3	15%
Non-Labor							
Materials & Supplies	0.3	0.1	0.1	0.2	0.1	0.1	
Transportation, Per Diem, and Mileage	1.0	0.2	0.1	0.5	0.3	0.2	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.9	0.4	-	0.8	-	0.8	
Utilities & Rents	0.1	-	0.3	-	0.6	(0.6)	
Legal Services	-	-	-	-	-	-	
Communications Expenses	0.2	0.1	-	0.1	-	0.1	
Professional & Technical Outsourced Services	33.5	8.4	8.2	16.8	16.4	0.4	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	0.2	-	-	0.1	0.1	-	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 36.2	\$ 9.2	\$ 8.7	\$ 18.5	\$ 17.5	\$ 1.0	5%
Total Operating Expense	\$ 81.0	\$ 20.5	\$ 18.3	\$ 40.9	\$ 36.6	\$ 4.3	11%

¹ Figures may not add due to rounding.

Key activities accomplished during Q2 FY2023:

- Successfully re-opened Aguadilla contact center following damages from Hurricane Fiona
- Completed 1,270 hours of training amongst Customer Experience advisors and analysts on the LUMA Express platform, which supports an improvement in the customer experience by providing a central and consistent platform for case management, referrals and follow ups
- Hosted the 3rd Voice of the Customer Summit to drive operational improvements by leveraging insights from customers' perspective about their experience
- Expanded quality assurance audit process to include Billing Services and Revenue Protection teams and established an automated manual scorecard system in the contact center platform
- Conducted electrical safety seminars with the municipalities of Isabela and Aguadilla
- Successfully launched the outbound collection call campaign to engage with customers with outstanding account balances and provide information on payment options resulting in a 35% improvement to the collection call "no answer" rate
- Responded to over 129,850 social media messages and was able to close 79,883 service order throughout the quarter
- Started the first disconnect for non-payment process since prior to Hurricane Maria
- Communicated and applied for post-Hurricane Fiona customer bill credits

The primary driver for the \$4.3 million favorable year-to-date variance for Customer Experience operating expenditures was labor savings as a result of higher call center productivity and slowed hiring.

Operations Operating Expenditures (\$ in millions)

The Operations Department oversees and manages the day-to-day work on the transmission and distribution (T&D) infrastructure critical to providing safe and reliable electric service to all our 1.5 million customers. Overall, the highest priority of LUMA operations continues to be the safety of our workforce and our customers, while also taking actions to also address reliability and resiliency issues.

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	119.5	29.0	45.6	61.5	77.1	(15.6)	
Total Labor	\$ 119.5	\$ 29.0	\$ 45.6	\$ 61.5	\$ 77.1	\$ (15.6)	(25%)
Non-Labor							
Materials & Supplies	32.8	8.2	12.1	16.4	18.4	(2.0)	
Transportation, Per Diem, and Mileage	22.4	5.5	(2.3)	11.3	0.2	11.1	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.8	0.2	0.2	0.4	0.2	0.2	
Utilities & Rents	3.0	0.5	1.0	2.1	2.4	(0.3)	
Legal Services	-	-	-	-	-	-	
Communications Expenses	0.1	-	0.1	-	0.1	(0.1)	
Professional & Technical Outsourced Services	14.2	3.5	1.3	7.1	5.3	1.8	
Vegetation Management	50.0	12.5	13.8	25.0	25.0	-	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	13.4	3.5	0.1	6.8	0.4	6.4	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 136.7	\$ 33.9	\$ 26.3	\$ 69.1	\$ 52.0	\$ 17.1	25%
Total Operating Expense	\$ 256.2	\$ 62.9	\$ 71.9	\$ 130.6	\$ 129.1	\$ 1.5	1%

¹ Figures may not add due to rounding.

Key activities accomplished during Q2 FY2023:

- Cleared 321 miles of vegetation from Distribution and Transmission line in the quarter.
- Completed 100% of all post Hurricane Fiona substation assessments and hired and onboarded 10 new substation apprentices
- Executed 5 Circuit Breaker replacements, two of 230kv and three of 38kv
- Recruited 48 new apprentices into the Utility Lineworker Apprenticeship and Upskilling Program
- Completed 87,336 service orders, changed 6,686 bidirectional meters and 1,155 poles respectively in the quarter
- Completed 105 new customer connection projects
- Achieved 100% compliance with the Department of Transportation for the 2,181 vehicles that were in service at the end of this period, 163 more vehicles than in Q1 as a result of repairs and purchase
- Initiated third phase of Department of Transportation and the American National Standards Institute inspections to ensure all units were inspected in advance of 2023 hurricane season
- Completed over 740 hours of fleet maintenance training from a specialized manufacturer for 31 mechanics
- Repaired and remediated failed Tapia transformer (and associated auxiliary and control equipment)
- Repaired two priority hot spots found from thermography assessments in substations
- Inspected and cleaned over 85% of the oil circuit breaker vents as this was a key finding and recommendation out of the Costa Sur Event investigation which was due to lack of years of adequate maintenances
- Carried out remediation activities including distribution breaker replacements, lightning arrestor replacements, and site and equipment cleanup at four Fiona-flooded substations
- Repaired 10 gas circuit breakers and 9 oil circuit breakers

The primary drivers for the \$1.5 million favorable year-to-date variance for Operations operating expenditures was higher than expected wages driven by spending activities to reduce outage duration and occurrence offset by lower non-labor costs during the quarter.



Utility Transformation Operating Expenditures (\$ in millions)

LUMA's Utility Transformation Department provides the technical, engineering, and programmatic framework required to deliver safe, reliable, resilient, and clean energy service to our 1.5 million customers, supports key initiatives as defined in the System Remediation Plan and maintains focus on the long-range vision articulated in the Integrated Resource Plan. This department also plans and implements the capital investment programs, including all federally funded work on the electric grid.

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	29.1	7.3	7.2	14.4	15.0	(0.6)	
Total Labor	\$ 29.1	\$ 7.3	\$ 7.2	\$ 14.4	\$ 15.0	\$ (0.6)	(4%)
Non-Labor							
Materials & Supplies	1.1	0.3	(0.1)	0.6	0.6	-	
Transportation, Per Diem, and Mileage	2.5	0.7	1.0	1.3	2.1	(0.8)	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.1	-	(0.1)	-	-	-	
Utilities & Rents	1.8	0.5	0.6	0.9	0.9	-	
Legal Services	-	-	-	-	-	-	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	5.5	1.4	3.3	2.8	5.0	(2.2)	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	1.1	-	0.2	0.4	0.2	0.2	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 12.1	\$ 2.9	\$ 4.9	\$ 6.0	\$ 8.8	\$ (2.8)	(47%)
Total Operating Expense	\$ 41.2	\$ 10.2	\$ 12.1	\$ 20.4	\$ 23.8	\$ (3.4)	(17%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q2 FY2023:

- Streamlined the application process to handle the increased number of Net Energy Metering (NEM) applications, utilizing the user acceptance testing phase for the new NEM portal
- Assessed contractor proposals for Energy Efficiency and Demand Response implementation contracts
- Held the end of year generator Stakeholder Committee meeting which included the Thermal Generator Subcommittee members and the Renewable Generator Subcommittee members. These meetings enable coordination with the generation providers to reinforce compliance with the System Operation Principles (SOP), and promote a more efficient and reliable supply of energy
- Activated 1,200 meters for Automatic Meter Reading system
- Activated net metering for over 9,000 rooftop solar connections in the quarter
- Replaced more than 16,720 meters and repaired approximately 3,610 meters
- Processed 11,880 attachments of telecommunications equipment to electric utility infrastructure
- Started new evaluation process to assure compliance with standards for electric reliability
- Kicked off Science, Technology, Engineering & Mathematics programs in local schools for [middle school] students including first Electric Vehicle challenge for *Impulsando Tu Futuro* - Power Your Future

The primary driver for the \$3.4 million unfavorable year-to-date variance for Utility Transformation operating expenditures was higher than expected Professional & Technical Services expenses related to the advancement of standards, regulations, and contracts for attachment of telecommunications equipment by third parties to utility poles.

Support Services Operating Expenditures (\$ in millions)

LUMA's Support Services functions enable the delivery of electric service by supporting the whole business. These include safety, emergency management, Information Technology and Operations Technology (IT OT), environmental, legal, procurement, regulatory and other areas that are imperative to LUMA's success in meeting its mission and achieving its key goals.

	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	53.1	13.2	11.0	26.3	22.1	4.2	
Total Labor	\$ 53.1	\$ 13.2	\$ 11.0	\$ 26.3	\$ 22.1	\$ 4.2	16%
Non-Labor							
Materials & Supplies	2.5	0.6	0.4	1.2	0.8	0.4	
Transportation, Per Diem, and Mileage	2.4	0.7	0.6	1.2	1.1	0.1	
Property & Casualty Insurance	21.7	5.5	3.9	10.9	8.0	2.9	
Security	9.7	2.5	2.2	4.9	4.4	0.5	
IT Service Agreements	23.3	5.8	3.6	11.7	10.7	1.0	
Utilities & Rents	5.1	1.2	1.3	2.6	2.5	0.1	
Legal Services	7.6	2.2	2.5	4.0	4.1	(0.1)	
Communications Expenses	1.1	0.3	-	0.6	-	0.6	
Professional & Technical Outsourced Services	28.7	7.5	7.9	14.6	16.4	(1.8)	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	0.5	0.2	0.2	0.3	0.2	0.1	
Other Miscellaneous Expenses	3.0	0.6	1.9	1.4	3.3	(1.9)	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 105.6	\$ 27.1	\$ 24.5	\$ 53.4	\$ 51.5	\$ 1.9	4%
Total Operating Expense	\$ 158.7	\$ 40.3	\$ 35.5	\$ 79.7	\$ 73.6	\$ 6.1	8%

¹ Figures may not add due to rounding.

Key activities accomplished during Q2 FY2023:

- Over 1,200 inspections were completed by LUMA safety specialists within operations and construction teams to verify adherence to safety policies and procedures, minimize incidents and determine common safety issues
- Established Drug and Alcohol Post Incident Testing process for employees
- Renovated the LUMA Emergency Operations Center with new equipment to facilitate emergency response coordination
- 234 employees participated in the utility line worker apprenticeship or upskilling program
- Completed renovations of the facilities for three regional Contact Centers located in Aguadilla, Isabela and Ponce
- Conducted construction contractor safety kick-offs with over 129 contractors to support FEMA restoration and ensure work is executed safely and meets LUMA's expectations of keeping workers safe
- Participated in seven technical conferences with the Puerto Rico Energy Bureau
- Submitted over 80 filings to the Puerto Rico Energy Bureau, including submission of LUMA's first annual report
- Deployed enhanced cyber security tools and training to employees
- ~300 employees completed FEMA's National Incident Management System training for a total of ~2,000 hours

The primary drivers for the \$6.1 million favorable year-to-date variance for Support Services operating expenditures include favorable variances of \$4.2 million in Salaries, Wages and Benefits and \$2.9 million in Property & Casualty Insurance, offset by an unfavorable variance of \$1.8 million in Professional & Technical Outsourced Services. Lower than budgeted Salaries, Wages and Benefits expenses were mainly due to slowed hiring. As a result, the costs for Professional & Technical Outsourced Services were higher than budget due to the need to contract additional skilled support to complete critical functions in procurement and finance. Property & Casualty Insurance expenses were lower than budget mainly due to lower-than-expected premiums for the transmission and distribution grid as a portion of the total insurance program.

Transmission & Distribution Capital Expenditures — Federally and Non-Federally Funded (\$ millions)

Federally Funded Capital ¹							
	FY2023 Budget	Q2 Budget	Q2 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	107.3	26.8	15.0	53.7	29.4	24.2	
Distribution	151.3	37.8	22.4	75.6	27.1	48.6	
Transmission	126.2	32.4	6.6	64.5	12.7	51.8	
Substations	110.6	27.6	5.8	55.3	10.2	45.1	
Control Center & Buildings	45.0	8.5	0.9	16.7	1.4	15.4	
Enabling	20.1	6.0	5.4	11.8	12.8	(1.0)	
Support Services	8.8	2.0	(0.2)	4.1	(0.2)	4.3	
Subtotal	\$ 569.3	\$ 141.2	\$ 55.8	\$ 281.8	\$ 93.5	\$ 188.4	67%
Other							
2% Reserve for Excess Expenditures	11.4	2.8	-	5.6	-	5.6	
Total Capital Expenditures	\$ 580.7	\$ 144.0	\$ 55.8	\$ 287.5	\$ 93.5	\$ 194.0	67%
Non-Federally Funded Capital ¹							
	FY2023 Budget	Q2 Budget	Q2 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	6.6	1.8	2.3	5.4	3.5	1.9	
Distribution	14.6	3.6	8.2	7.3	12.9	(5.6)	
Transmission	0.1	0.0	0.2	0.1	0.4	(0.3)	
Substations	22.0	5.5	1.3	11.0	2.5	8.6	
Control Center & Buildings	3.7	1.0	0.4	2.0	0.7	1.3	
Enabling	21.6	5.3	2.3	11.1	3.9	7.2	
Support Services	9.6	2.7	1.9	6.0	2.4	3.5	
Subtotal	\$ 78.2	\$ 19.9	\$ 16.7	\$ 42.8	\$ 26.3	\$ 16.5	39%
Other							
2% Reserve for Excess Expenditures	1.6	0.4	-	0.9	-	0.9	
Total Capital Expenditures	\$ 79.8	\$ 20.3	\$ 16.7	\$ 43.6	\$ 26.3	\$ 17.3	40%

¹ Figures may not add due to rounding.

The financial information provided within this report has not been subject to audit, and this information is not appropriate for unintended purposes. The limitations and lack of integration of PREPA's financial and related systems and identified pre-existing control gaps may also affect the overall accuracy of reported results.

FY2023 Improvement Programs

When assuming operations of Puerto Rico's electric transmission and distribution system on June 1, 2021, LUMA inherited a fragile electric system that had suffered from years – if not decades – of mismanagement and neglect under the prior operator. The grid could not be immediately operated in accordance with Prudent Utility Practice and minimum industry standards. LUMA's Improvement Programs² were designed to address the significant and substantial gaps identified prior to commencement of operations and bring the utility's operations and assets up to a minimum industry standard. Program spending includes operating expenditures and capital costs within the FY2023 budget and is included in the 2022 Fiscal Plan approved by the FOMB in June 2022.

LUMA's improvement programs continued to progress during Q2 despite resources being redirected to the organization-wide response to Hurricane Fiona since mid-September and the continuing ripple effects of global supply chain disruptions from the Russo-Ukrainian war and the COVID-19 pandemic. LUMA's forward planning and coordination is partially mitigating these significant external constraints.

Improvement Portfolio Summary (\$ millions)

Portfolio	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Customer Experience	135.2	34.5	20.4	70.2	39.5	14.1	41%
Distribution	179.0	44.2	31.1	90.7	41.0	13.1	30%
Transmission	126.7	32.5	6.9	64.7	13.2	25.6	79%
Substation	134.7	34.2	7.2	67.7	12.8	27.0	79%
Control Center & Buildings	51.5	10.2	1.5	20.1	2.4	8.8	86%
Enabling	113.0	29.1	30.1	58.2	57.2	(1.1)	(4%)
Support Services	102.2	26.3	24.3	53.3	47.5	2.0	8%
Total	\$ 842.3	\$ 211.0	\$ 121.6	\$ 425.0	\$ 213.5	\$ 89.4	42%

¹ Figures may not add due to rounding.

² These programs were developed in late 2020, subsequently reviewed and approved by P3 Authority, and then reviewed and approved by the Energy Bureau as part of the Initial Budgets in docket NEPR-MI-2021-0004 and the System Remediation Plan in docket NEPR-MI-2020-0019. Within these programs, specific project initial SOWs for federally funded projects have been submitted for review and approval by the Energy Bureau in docket NEPR-MI-2021-0002. Detailed information on the budget, the System Remediation Plan and the implementation of federally funded capital investments is publicly available on PREB's website for the corresponding dockets.

Customer Experience Improvement Portfolio Summary (\$ millions)

The Customer Experience Improvement Portfolio focuses on enhancing the customer experience including Distribution Streetlighting as well as Billing Accuracy and Back Office.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Streetlighting	\$ 105.0	\$ 26.2	\$ 14.9	\$ 52.5	\$ 29.3	\$ 23.1	
Federally Funded	105.0	26.2	14.9	52.5	29.3		
Non-Federally Funded	-	-	-	-	0.0		
OpEx	-	-	-	-	-		
SRP	31.5	7.9	4.5	15.7	8.8		
Billing Accuracy & Back Office	\$ 12.9	\$ 3.2	\$ 3.2	\$ 6.5	\$ 6.2	\$ 0.3	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	0.7	0.2	0.3	0.4	0.4		
OpEx	12.2	3.0	2.9	6.1	5.8		
SRP	2.0	0.5	0.5	1.0	1.0		
Programs <5% of Portfolio Total	\$ 17.4	\$ 5.1	\$ 2.3	\$ 11.3	\$ 4.0	\$ 7.3	
Federally Funded	2.4	0.6	0.1	1.2	0.2		
Non-Federally Funded	5.9	1.6	2.1	5.0	3.0		
OpEx	9.1	2.9	0.1	5.1	0.7		
SRP	8.8	2.5	0.1	5.7	0.1		
Total	\$ 135.2	\$ 34.5	\$ 20.4	\$ 70.2	\$ 39.5	\$ 30.7	44%

¹ Figures may not add due to rounding.

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q2 FY2023 activities included receiving FEMA obligation and starting construction for three streetlight projects for the communities of Villalba, Aibonito and Cataño, submitting 22 initial Scopes of Work (SOWs) to FEMA, and defining work zones and priorities for 52 new projects. The total spend is lower than anticipated mainly due to a deferred schedule as a result of LUMA's response and restoration efforts to Hurricane Fiona and shipment delays caused by global supply chain issues. At this time, no expected variance in achieving program milestones.

The **Billing Accuracy and Back Office** program includes updates to print and delivery of bills and other back-office systems to improve the accuracy and timeliness of customer invoices. Key Q2 FY2023 activities included launching customer care & billing optimization meter lifecycle project with an on-island vendor; and launching a dashboard and reporting effort for back-office work routing of service orders, meter data daily, and daily inactive service point data. The spend for this program is in line with the budget. At this time, no expected variance in achieving program milestones.

Distribution Improvement Portfolio Summary (\$ millions)

The Distribution portfolio focuses on improving the low voltage system including Distribution Pole and Conductor Repair, Distribution Line Rebuild, Distribution Automation and Distribution Line Assessments.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Pole & Conductor Repair	\$ 65.9	\$ 16.5	\$ 6.0	\$ 32.9	\$ 9.8	\$ 23.1	
Federally Funded	54.0	13.5	2.4	27.0	4.6		
Non-Federally Funded	1.0	0.3	3.4	0.5	5.0		
OpEx	10.9	2.7	0.2	5.4	0.2		
SRP	65.9	16.5	6.0	32.9	9.8		
Distribution Line Rebuild	\$ 56.4	\$ 14.1	\$ 19.9	\$ 28.2	\$ 23.7	\$ 4.5	
Federally Funded	51.3	12.8	15.6	25.7	16.4		
Non-Federally Funded	5.0	1.3	4.0	2.5	6.5		
OpEx	0.0	-	0.4	0.0	0.8		
SRP	5.0	1.2	1.8	2.5	2.1		
Distribution Automation	\$ 35.6	\$ 8.7	\$ 4.3	\$ 18.3	\$ 6.2	\$ 12.1	
Federally Funded	26.3	6.6	3.4	13.1	4.8		
Non-Federally Funded	8.4	2.1	0.9	4.2	1.4		
OpEx	1.0	-	-	1.0	-		
SRP	-	-	-	-	-		
Distribution Lines Assessment	\$ 21.2	\$ 5.0	\$ 0.9	\$ 11.2	\$ 1.3	\$ 10.0	
Federally Funded	19.7	4.9	0.9	9.9	1.3		
Non-Federally Funded	0.2	0.1	-	0.1	-		
OpEx	1.3	-	-	1.3	-		
SRP	21.2	5.0	0.9	11.2	1.3		
Total	\$ 179.0	\$ 44.2	\$ 31.1	\$ 90.7	\$ 41.0	\$ 49.6	55%

¹ Figures may not add due to rounding.

The **Distribution Pole & Conductor Repair** program focuses on minimizing the safety hazard caused by distribution poles and conductors that need to be repaired or replaced. Major repairs and replacement will be based on the results of assessment analyses by engineers. Key Q2 FY2023 activities include receiving the approval of 23 projects for repairs in each of the 6 regions. Four of these projects having started the construction and execution process. Variance is driven by a delayed start of the contractors due to the Hurricane Fiona interruption, permitting delays, as well as contractor resource and material availability. At this time, no expected variance in achieving program milestones.

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines by performing distribution line upgrades to improve reliability and resiliency, restoring out of service circuits, completing unfinished circuit construction presently abandoned, performing circuit voltage conversions to improve distribution capacity, building new distribution line extensions to connect new customers, and installing underground cable and/or tree wiring to improve service reliability and resiliency to critical customers. Key Q2 FY2023 activities include completing reliability analysis on 45 feeders, completing the quality assurance stage for reliability analysis on 39 feeders, completing planning analysis on 10 feeders, and issuing purchase orders for 18 projects containing 102 feeders. Variance is mainly due to additional engineering activities required, federal procurement process and global supply chain challenges. At this time, no expected variance in achieving program milestones.

The **Distribution Automation** program focuses on establishing equipment for distribution automation. Key Q2 FY2023 activities included commissioning 24 reclosers and installing 112 trip savers, completing 92 work order packages on 41 feeders, and completing protection settings on 43 reclosers/trip saver locations. Variance is mainly due to additional engineering activities required and the complexity of federal procurement requirements and processes. Additionally, delays in equipment deliveries caused by manufacturing process deferrals and supply chain issues contributed to the variance.

The **Distribution Lines Assessments** program is targeted at the assessment, testing and study of distribution lines, along with required spot repairs and replacements. Key Q2 FY2023 activities included providing assessment information for 35 feeders resulting in a total of 512 year-to-date assessments. The spend for this program is lower than anticipated

mainly due to the delay of the Preliminary Engineering Data Collection request for proposal. Offsetting this are the distribution line assessments which have progressed faster than anticipated and the results of which have been used to assess, prioritize, and develop capital improvement plans. At this time, no expected variance in achieving program milestones.

Transmission Improvement Portfolio Summary (\$ millions)

The Transmission portfolio focuses on improving system recovery, resilience, and transformation through the Transmission Line Rebuild program IT OT Telecom Systems and Network program and the Transmission Priority Pole Replacements program.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Transmission Line Rebuild	\$ 85.3	\$ 21.3	\$ 4.7	\$ 42.7	\$ 10.3	\$ 32.3	
Federally Funded	85.3	21.3	4.5	42.7	9.9		
Non-Federally Funded	-	-	0.2	-	0.4		
OpEx	-	-	(0.0)	-	(0.0)		
SRP	83.1	20.8	4.6	41.5	10.0		
IT OT Telecom Systems & Network	\$ 32.4	\$ 8.9	\$ 0.7	\$ 17.6	\$ 1.2	\$ 16.3	
Federally Funded	32.0	8.8	0.7	17.4	1.1		
Non-Federally Funded	-	-	-	-	-		
OpEx	0.4	0.1	0.1	0.1	0.1		
SRP	32.4	8.9	0.7	17.6	1.2		
Transmission Priority Pole Replacements	\$ 6.0	\$ 1.5	\$ 1.3	\$ 3.0	\$ 1.4	\$ 1.6	
Federally Funded	6.0	1.5	1.3	3.0	1.4		
Non-Federally Funded	-	-	(0.0)	-	0.0		
OpEx	-	-	-	-	-		
SRP	6.0	1.5	1.3	3.0	1.4		
Programs <5% of Portfolio Total	\$ 3.0	\$ 0.7	\$ 0.1	\$ 1.5	\$ 0.2	\$ 1.3	
Federally Funded	2.9	0.7	0.1	1.4	0.2		
Non-Federally Funded	0.1	0.0	-	0.1	-		
OpEx	-	-	-	-	-		
SRP	3.0	0.7	0.1	1.5	0.2		
Total	\$ 126.7	\$ 32.5	\$ 6.9	\$ 64.7	\$ 13.2	\$ 51.5	80%

¹ Figures may not add due to rounding.

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading 230 kV, 115 kV, and 38 kV transmission infrastructure. Key Q2 FY2023 activities included receiving FEMA approval for the reconstruction of one segment of the San Juan 115 kV Underground Transmission Loop and completing approximately 26 miles of vegetation clearing on critical 230 and 115Kv transmission lines. Additionally, LUMA added 40 projects to the FEMA approval process, continued engineering and specifications work on multiple projects and sought additional federal funding for other projects including hardening of San Juan underground transmission loop. Variance is mainly due to additional engineering activities required, permitting delays, and FEMA Environmental Planning and Historic Preservation approval process taking longer than anticipated, the complexity of federal procurement processes and global supply chain challenges. At this time, no expected variance in achieving program milestones.

The **IT OT Telecom Systems & Network** program includes IT and OT telecom investments to improve and revamp the systems used to carry T&D System IT and OT data. Key Q2 FY2023 activities included completing the commercial evaluation for the land mobile two-way radio, completing the competitive bid documentation for the microwave network upgrade, completing engineering standards and specifications stage for telecom network implementation and completing the procurement of the optical ground wire for transmission lines. The total spend is lower than anticipated mainly due to the complexity of the federal procurement process and impacts from Hurricane Fiona. At this time, no expected variance in achieving program milestones.

The **Transmission Priority Pole Replacements** program includes activities to replace damaged overhead transmission poles and towers, along with associated hardware and conductors. Key Q2 FY2023 activities included completing a total of 87 high level SOWs with class 5 estimate and starting four additional work order packages. Variance is mainly due to data analysis, engineering, and standards reviews required for project scope definition taking longer than anticipated,

global supply chain issues affecting material delivery, the complexity of federal procurement requirements and processes. Despite the aforementioned delays, no expected variance in achieving program milestones.

Substations Improvement Portfolio Summary (\$ millions)

The Substation portfolio aims to improve system resiliency and safety while rebuilding, hardening, and modernizing substations through the Substation Rebuilds program, Substation Security and Substation Reliability Program.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Substation Rebuilds	\$ 102.2	\$ 25.5	\$ 4.7	\$ 51.1	\$ 8.9	\$ 42.2	
Federally Funded	95.5	23.9	4.6	47.7	8.7		
Non-Federally Funded	6.7	1.7	0.1	3.4	0.2		
OpEx	-	-	-	-	-		
SRP	96.7	24.2	4.4	48.4	8.4		
Substation Security	\$ 17.6	\$ 4.4	\$ 0.1	\$ 8.8	\$ 0.2	\$ 8.6	
Federally Funded	15.1	3.8	0.1	7.6	0.2		
Non-Federally Funded	1.1	0.3	0.0	0.5	0.0		
OpEx	1.4	0.4	0.0	0.7	0.0		
SRP	15.9	4.0	0.1	7.9	0.2		
Substation Reliability	\$ 14.1	\$ 3.5	\$ 2.4	\$ 7.1	\$ 3.7	\$ 3.3	
Federally Funded	-	-	1.1	-	1.3		
Non-Federally Funded	14.1	3.5	1.2	7.1	2.3		
OpEx	-	-	0.1	-	0.2		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	\$ 0.8	\$ 0.7	\$ 0.0	\$ 0.8	\$ 0.0	\$ 0.8	
Federally Funded	-	-	0.0	-	0.0		
Non-Federally Funded	0.1	0.0	0.0	0.1	0.0		
OpEx	0.7	0.7	-	0.7	-		
SRP	-	-	-	-	-		
Total	\$ 134.7	\$ 34.2	\$ 7.2	\$ 67.7	\$ 12.8	\$ 54.9	81%

¹ Figures may not add due to rounding.

The **Substation Rebuilds** program focuses on improvements to T&D substations to strengthen the electric grid. Key Q2 FY2023 activities included completing planning analysis for 12 rebuild projects, completing Manati Transmission Center 230 kV Breaker replacement, receiving approval from FEMA for the Aguirre breaker project and the Rio Grande Estate substation project, completing visual assessments at all substations, completing thermography assessments at critical substations, and assessing 71 gas circuit breakers, 200 oil circuit breakers, and 28 transformers. Variance is mainly due to additional engineering activities required, global supply chain issues, delays related to Hurricane Fiona, FEMA Environmental Planning and Historic Preservation approval process and the complexity of federal procurement requirements and processes. Despite the aforementioned challenges, the FY2023 milestones for this program have been achieved as projected.

The **Substation Security** program focuses on security at transmission substations. The program will replace and add new security technology and hardware to deter, detect and delay security incidents. Key Q2 FY2023 activities included responding to FEMA requests for information on the three submitted detailed SOWs, making necessary updates to the detailed SOWs as requested by FEMA and conducting the selection process for federal funded request for proposal contract in support of closed-circuit television and electronic access control equipment procurement. Variance is mainly due to engineering activities being delayed versus budget for FEMA-compliant engineering services and impacts of Hurricane Fiona. The FY2023 milestone to obtain funding and begin work will be delayed as the procurement process is taking longer than planned.

The **Substation Reliability** program covers upgrades and reinforcement to the existing and aging system infrastructure to improve system reliability. Key Q2 FY2023 activities included completing 23 field assessments for battery bank replacements, developing a bill of materials for upcoming purchase, replacing 21 substation battery banks, installing and putting into service two new 230 kV gas circuit breakers at Costa Sur (replacing old and damaged oil circuit breakers), and replacing three 115 kV and one 38 kV oil circuit breakers with new gas circuit breakers. In addition, completing 90%

of Guánica Transmission Center substation work, completing factory acceptance tests on 115/13kV 44.8MVA transformers and completing plan and initial two field assessments for the oil circuit breaker replacement program. Variance is mainly due to delays in transformer procurement which is anticipated to be delayed until FY2024. Additionally, LUMA has been able to replace breakers under FEMA Projects, instead of the original expectation that it would be a non-federally funded cost.

Control Center & Buildings Improvement Portfolio Summary (\$ millions)

The Control Center and Buildings portfolio focuses on building the necessary infrastructure to deliver economic and reliable energy and to meet applicable laws and regulations through the Critical Energy Management System Upgrades, Facilities Development & Implementation and Control Center Construction & Refurbishment.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Critical Energy Management System Upgrades	\$ 25.7	\$ 3.1	\$ 0.6	\$ 6.0	\$ 0.9	\$ 5.0	
Federally Funded	25.5	3.1	0.4	5.9	0.8		
Non-Federally Funded	0.2	0.1	0.1	0.1	0.2		
OpEx	-	-	0.0	-	0.0		
SRP	25.6	3.1	0.6	5.9	0.9		
Facilities Development & Implementation	\$ 14.8	\$ 3.7	\$ 0.8	\$ 7.4	\$ 0.7	\$ 6.7	
Federally Funded	10.1	2.5	0.1	5.0	0.2		
Non-Federally Funded	2.3	0.6	0.3	1.1	0.5		
OpEx	2.4	0.6	0.5	1.2	0.0		
SRP	13.1	3.3	0.8	6.6	0.6		
Control Center Construction & Refurbishment	\$ 9.4	\$ 2.9	\$ 0.4	\$ 5.8	\$ 0.4	\$ 5.4	
Federally Funded	9.3	2.9	0.4	5.8	0.4		
Non-Federally Funded	0.1	0.0	-	0.1	-		
OpEx	-	-	-	-	-		
SRP	6.2	1.9	0.2	3.8	0.3		
Programs <5% of Portfolio Total	\$ 1.5	\$ 0.4	\$ (0.3)	\$ 0.9	\$ 0.3	\$ 0.6	
Federally Funded	0.1	0.0	(0.0)	0.1	(0.0)		
Non-Federally Funded	1.0	0.3	0.0	0.6	0.0		
OpEx	0.4	0.1	(0.3)	0.2	0.3		
SRP	0.1	0.1	0.0	0.1	0.0		
Total	\$ 51.5	\$ 10.2	\$ 1.5	\$ 20.1	\$ 2.4	\$ 17.7	88%

¹ Figures may not add due to rounding.

The **Critical Energy Management System (EMS) Upgrades** program will replace obsolete and unsupported EMS and add relevant technology to operate the electric system safely and reliably. Key Q2 FY2023 activities included selecting EMS vendor, contract negotiation and enhancing EMS functionalities. The spend for this program is lower than anticipated. Project execution milestone is expected to be pushed into FY2024 due to ongoing contract negotiations with vendor.

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q2 FY2023 activities included completing repairs and re-opening of the Ponce, Aguadilla and Isabella contact centers, starting the asset decommissioning project, starting the preliminary design for Palo Seco complex, starting the stakeholder meetings for Ponce, Mayaguez regional offices and the test lab, and purchasing all major equipment and tools required for daily operations for the department. The spend for this program is lower than anticipated mainly due to the complexity of federal procurement requirements and processes. The FY2023 milestone to inspect, repair and make sure the locked out/tagged out systems are operational will be delayed as the procurement process is taking longer than planned.

The **Control Center Construction & Refurbishment** program is targeted at the construction or refurbishment of buildings to house the main and backup control centers and all ancillary support services. Key Q2 FY2023 activities included completing space program verification and functional group adjacency requirements definition for the primary and secondary control centers, finalizing the preliminary operation relocation analysis for the primary control center site at Monacillos, and identifying potential acquisition sites to be analyzed for the secondary control center. The spend for this program is lower than anticipated due to resources being diverted to support Hurricane Fiona restoration and causing delays in the schematic design. Construction start milestone is anticipated to be pushed to FY2024.

Enabling Improvement Portfolio Summary (\$ millions)

The Enabling portfolio of investment projects focuses on safety and operational excellence through the Vegetation Management program Vegetation Management, Compliance Studies Technology and Performance, Health, Safety, Environment and Quality (HSEQ) and Technical Training, T&D Fleet and Tools Repair & Management.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Vegetation Management	\$ 50.0	\$ 12.5	\$ 13.8	\$ 25.0	\$ 25.0	\$ 0.0	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	-	-	-	-	-	-	
OpEx	50.0	12.5	13.8	25.0	25.0		
SRP	50.0	12.5	13.8	25.0	25.0		
Compliance, Studies, Technology and Performance	\$ 18.3	\$ 4.6	\$ 7.7	\$ 9.1	\$ 13.1	\$ (4.0)	
Federally Funded	16.3	4.1	7.1	8.1	11.6		
Non-Federally Funded	2.0	0.5	0.2	1.0	0.9		
OpEx	-	-	0.3	-	0.7		
SRP	15.3	3.8	6.4	7.7	11.0		
HSEQ and Technical Training	\$ 15.0	\$ 3.8	\$ 2.8	\$ 7.5	\$ 5.6	\$ 1.9	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	15.0	3.8	2.8	7.5	5.6		
SRP	15.0	3.8	2.8	7.5	5.6		
T&D Fleet	\$ 12.2	\$ 4.1	\$ 5.5	\$ 6.9	\$ 8.9	\$ (2.0)	
Federally Funded	1.6	1.5	0.0	1.6	0.0		
Non-Federally Funded	8.2	2.0	0.0	4.1	0.0		
OpEx	2.4	0.6	5.4	1.2	8.9		
SRP	12.2	4.1	5.5	6.9	8.9		
Tools Repair & Management	\$ 6.0	\$ 1.5	\$ 1.5	\$ 3.0	\$ 1.7	\$ 1.3	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	6.0	1.5	1.5	3.0	1.7		
OpEx	-	-	-	-	-		
SRP	6.0	1.5	1.5	3.0	1.7		
Programs <5% of Portfolio Total	\$ 11.6	\$ 2.6	\$ (1.1)	\$ 6.7	\$ 2.8	\$ 3.9	
Federally Funded	2.3	0.5	(1.7)	2.2	1.3		
Non-Federally Funded	5.4	1.2	0.5	3.0	1.3		
OpEx	3.9	0.9	0.1	1.6	0.3		
SRP	4.8	1.1	0.3	2.5	0.7		
Total	\$ 113.0	\$ 29.1	\$ 30.1	\$ 58.2	\$ 57.2	\$ 1.1	2%

¹ Figures may not add due to rounding.

The **Vegetation Management** program includes work to abate or mitigate immediate vegetation risk in critical locations, along with an ongoing program to clear and re-establish the rights-of-way to standard widths. Key Q2 FY2023 activities included completing the reclamation of 321 miles (142 miles of distribution reclamation and 179 miles of transmission reclamation) of electric lines during the quarter, continuing the transition from reactive/corrective work to an increased percentage of reclamation maintenance work, and completing a third round of preventative maintenance at all substations. Currently there are contracts with four vegetation vendors in place with a combined total of over 500 contracted full-time equivalents. The year-to-date spend for this program is in line with the budget. At this time, no expected variance in achieving program milestones.

The **Compliance, Studies, Technology & Performance** program supports the completion of distribution planning and protection studies, as well as the production of hosting capacity information for public and internal use. This program also procures power quality monitoring equipment and meters for each district. Key Q2 FY2023 activities included obtaining equipment for ground grid scanning, providing grounding studies training to key personnel with the use of current, distribution, electromagnetic fields, grounding and soil structure software, completing ground penetrating radar scans at five substations, initiating grounding studies at two substations, and completing soil resistivity tests at three locations. variance is mainly due to the increase in planning studies due to additional studies identified as part of area planning and distribution line rebuilds, additional substation work and transmission line work. At this time, no expected variance in achieving program milestones.

The **HSEQ and Technical Training** program provides HSEQ and technical training to field personnel. Key Q2 FY2023 activities included completing over 2,000 direct training hours with 234 employees participating in the Utility Lineworker



Apprenticeship and Upskilling Program and 315 employees participating in various HSEQ training program and offering courses focused on equipotential bonding & grounding, bucket rescue, substation entry, and traffic safety. The variance of budget to actuals for this program is due to lower amounts of training completed in October and November 2022 due to the prioritization of Hurricane Fiona response. At this time, no expected variance in achieving program milestones.

The **T&D Fleet** program includes activities and investments to bring the current vehicle, aircraft, and equipment fleet up to industry standards and is focused on initializing and improving processes for data collection, repair, and maintenance of these assets. Key Q2 FY2023 activities included completing 240 Department of Transportation inspections and 45 American National Standards Institute vehicle compliance inspections, obtaining fire extinguisher certification for 161 vehicles in compliance with laws and regulations, providing 744 hours of fleet maintenance training to 31 employees (including mechanics, supervisors and managers) from a specialized manufacturer, developing and implementing an electronic daily fleet reporting system, and repairing the connection of the fuel dispatch system in Mayagüez and San Sebastián to the central system. Variance reflects increase in major repairs in specialized units. At this time, no expected variance in achieving program milestones.

The **Tools Repair & Management** program focuses on a Personal Protective Equipment and tooling plan to address safety needs along with putting in place a better system for managing Personal Protective Equipment and tools including a centralized Tool and Equipment Crib system. Key Q2 FY2023 activities include continuing the procurement for tool crib service contract, critical tool inventory (load busters, rubber goods, ground chains, hot sticks), and required Personal Protective Equipment to support field personnel. Additionally, conducting preparation activities for initiation of a tools and equipment tender for a multi-year purchase agreement. Q2 spend for this program is in line with the budget. At this time, no expected variance in achieving program milestones.

Support Services Portfolio Summary (\$ millions)

The Support Services portfolio supports the overall successful operation of the utility through various programs including the HR Programs (Human Resources); the Renewables Integration, Studies and Implementation program, and the IT OT Asset Management program and Update to Third Party Use, Audit, Contract and Billing Procedures.

Program	FY2023 Budget ¹	Q2 Budget ¹	Q2 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
HR Programs	\$ 62.8	\$ 15.8	\$ 21.8	\$ 31.4	\$ 41.6	\$ (10.2)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	0.4	0.1	0.0	0.2	0.0		
OpEx	62.5	15.7	21.8	31.2	41.6		
SRP	-	-	-	-	-		
Renewables Integration, Minigrids & Generation Studies	\$ 7.6	\$ 1.8	\$ 0.3	\$ 3.9	\$ 1.3	\$ 2.7	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	2.6	0.6	0.0	1.5	0.0		
OpEx	4.9	1.2	0.3	2.5	1.3		
SRP	-	-	-	-	-		
IT OT Asset Management	\$ 7.0	\$ 1.5	\$ 0.1	\$ 3.1	\$ 0.3	\$ 2.8	
Federally Funded	5.9	1.2	0.0	2.7	0.1		
Non-Federally Funded	0.3	0.1	0.0	0.2	0.0		
OpEx	0.8	0.2	0.0	0.2	0.2		
SRP	7.0	1.5	0.1	3.1	0.3		
Update to Third Party Use, Audit, Contract and Billing Procedures	\$ 5.8	\$ 1.4	\$ 0.0	\$ 2.9	\$ 0.9	\$ 2.0	
Federally Funded	2.9	0.7	-	1.5	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	2.8	0.7	0.0	1.4	0.9		
SRP	2.8	0.7	0.0	1.4	0.4		
Programs <5% of Portfolio Total	\$ 19.0	\$ 5.7	\$ 2.1	\$ 12.0	\$ 3.4	\$ 8.6	
Federally Funded	-	-	(0.3)	-	(0.2)		
Non-Federally Funded	6.3	1.9	1.8	4.1	2.3		
OpEx	12.7	3.8	0.5	7.9	1.3		
SRP	16.6	5.0	2.0	10.8	3.1		
Total	\$ 102.2	\$ 26.3	\$ 24.3	\$ 53.3	\$ 47.5	\$ 5.8	11%

¹ Figures may not add due to rounding.

The **HR Programs** program includes human resources activities to implement an employee benefit program, an employee engagement strategy, core compliance training and human capital management software. Key Q2 FY2023 activities include establishing post-incident drug and alcohol testing process, conducting leadership training, improving, and expanding HR policies for HR management, and offering human resource information system training. The spending in this program is higher than anticipated mainly due to higher than budgeted employee benefit costs for the year.

The **Renewables Integration Studies & Implementation** program involves completing planning, technical studies, program development, and pilot implementation related to support compliance with the Integrated Resource Plan and regulatory requirements related to renewable integration, distributed energy resources and generation. Key Q2 FY2023 activities included filing of the Integrated Resource Plan status update motion, completing the distributed generation interconnection quarterly report, and engaging with the Puerto Rico Energy Bureau consultants and interested external stakeholders in the energy efficiency and demand response technical conference on October 28th, 2022. The variance for this program is due to the fact that the activities associated with this program have been slower than anticipated and have resulted in lower spending.

IT OT Asset Management program introduced industry standard IT OT asset management procedures and continues to provide the necessary system upgrades to ensure the secure business operation and continuity, as well as improved customer responsiveness. The scope of the program includes assessing the application and infrastructure portfolio and beginning a series of software and infrastructure upgrades that drive toward a transition to cloud-based technology. IT OT resilience in this program also extends to the establishment of a new backup data center to ensure the reliability and resilience of technology systems. Key Q2 FY2023 activities include continuing to automate IT administration processes by developing and implementing the IT service management tool. This effort includes the arrangement of the configuration management database and completing environment assessments and improvements. Variance is mainly attributed to impacts from Hurricane Fiona

The **Update to Third Party Use, Audit, Contract and Billing Procedures** program is focused on updating procedures for third party use of land, use of infrastructure, audits, contracts, and billing. Key Q2 FY2023 activities include processing third party attachment evaluations to ensure pole loading and electrical clearances are maintained, meeting with telecommunication companies to discuss updated third party use agreements and LUMA's capital projects, sending out pole replacement notifications to the telecommunications companies to coordinate third party asset relocations on poles being replaced, and procuring services to improve the third party use application and processing interface. The spending in this program is lower than anticipated due to continuing negotiation of third-party use agreement terms. The completion of new regulations, standards and codes related to pole attachment milestone has been achieved.

The financial information provided within this report has not been subject to audit, and this information is not appropriate for unintended purposes. The limitations and lack of integration of PREPA's financial and related systems and identified pre-existing control gaps may also affect the overall accuracy of reported results.



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