

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

NEPR

Received:

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IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO. NEPR-MI-2021-0004

**SUBJECT: Submittal of Quarterly Report for the
Fourth Quarter of Fiscal Year 2023**

**MOTION TO SUBMIT QUARTERLY REPORT FOR THE FOURTH 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 May 31, 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 Initial Budgets ("May 31st Resolution and Order").

2. In the May 31st Resolution and Order, the Energy Bureau listed "requirements for LUMA to fulfill during the Interim Period and going forward" for reporting on the Initial Budgets T&D System spending amounts and federal funding activity listed in Section IV, paragraphs 2 and 3 thereof, respectively. *See* May 31st Resolution and Order at pp. 36-37. With respect to the reporting on the Initial Budgets, the May 31st Resolution and Order provided, in Section IV, paragraph 2, that LUMA shall provide quarterly reports to the Energy Bureau detailing Initial Budget spending amounts, broken out by spending initiative, and detailing any variances from the Initial Budget filing.

3. On July 16, 2021, this Energy Bureau issued a Resolution and Order (the “July 16th Resolution and Order”) in which it modified the federal funding reporting requirements under the May 31st Resolution and Order to provide as follows:

LUMA shall submit to the Energy Bureau, on a quarterly basis, summary reports outlining federal funding activity. These summary reports shall include aggregated information showing the cumulative amount of federal funding applied for by LUMA and/or PREPA, broken out by the source of such funding, the incremental amount of federal funding applied for in the reporting quarter, and both the cumulative and monthly amount of federal funding received.

July 16th Resolution and Order at p. 6.

4. On February 27, 2023, this Energy Bureau issued a Resolution and Order whereby it approved the Fiscal Year 2023 Consolidated Budget certified by the Financial Oversight and Management Board for Puerto Rico¹, required that the quarterly reports explain and justify variances, and included the following quarterly reporting requirements (the “February 27th Order”):

1. T&D Operating Budget; Capital Budgets, both Federally- Funded and Non Federally Funded; Shared Services and all Other expenses;
2. project level detail for Capital Budgets;
3. program level detail for Improvement Portfolios;
4. both individual quarter and year to date activity;
5. actual spending amounts, broken out by spending initiative, and detailing all variances from the approved budget;
6. detail to enable the Energy Bureau to assess funding, expenditures and outstanding balances in the Operating Budget, the Capital Budget and the Generation Budget accounts as specified in the OMA; and
7. load and Sales Forecasts compared with actual Load and Sales.

See February 27th Order, page 28.

5. On June 25th, 2023, this Energy Bureau issued a Resolution and Order approving LUMA’s Annual Budgets for Fiscal Year 2024 (the “June 25th Order”). The June 25th Order

¹ The Fiscal Year 2023 Consolidated Budgets were certified by the Oversight Board pursuant to Section 202(e) of the Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”).

expands the reporting requirements applicable to LUMA's quarterly reports by requiring LUMA to report the following:

1. For Q4 FY2023 and subsequent quarterly reports, a comprehensive explanation of variances in Vegetation Management expenditures; *see* June 25th Order at page 9.
2. For Q4 FY2023 and subsequent quarterly reports, a comprehensive explanation of the miles and acres of vegetation cleared for each T&D voltage level for the year cumulatively, as well as for the applicable quarter; *Id.*, and
3. For Q4 FY2023 and subsequent quarterly reports, information regarding the number of Full Time Equivalent ("FTE") lineworkers and the number of FTE lineworkers qualified to work on energized lines, *Id.* at page 12 and Attachment A. *See, also*, February 27th Order at p.14.

6. In compliance with the quarterly reporting requirements set forth in the May 31st Resolution and Order, as modified by the July 16th Resolution and Order, the February 27th Order and the June 25th Order, LUMA hereby submits to the Energy Bureau, attached as *Exhibit 1*, its Comprehensive Quarterly Report of Fiscal Year 2023, for the Fourth Quarter ending June 30, 2023 ("Q4 Report"). The Q4 Report contains the quarterly information on spending amounts regarding the approved Budget for the T&D System for FY2023 required in paragraph 2 of the May 31st Resolution and Order. The Q4 Report also addresses the quarterly reporting requirement set in Case No. NEPR-MI-2020-0019, *In Re: Review of the Puerto Rico Electric Power Authority's System Remediation Plan* and will, therefore, be submitted in the docket of that proceeding.

7. The Q4 Report provides information on LUMA's T&D expenditures, including expenditures for each of LUMA's Departments, as well as spending information per each of the

Improvement Portfolios and Improvement Programs, with a breakdown of expenditures for the Operating Budget and each of the Capital Budgets (federally and non-federally funded). The Q4 Report includes expenditures information for Q4 as well as, year-to-date information and year-to-date variances from the approved budget. The Q4 Report includes detailed information on spending portfolios and programs and explanations on updates of key projects.

8. The Q4 Report also includes the quarterly and year-to-date information on shared services, *see* Q4 Report, page 29, and information on load and sales forecasts, *see* Q4 Report, page 10.

9. In compliance with the June 25th Order, the Q4 Report includes explanation of variances in Vegetation Management expenditures. *See* Q4 Report, pages 14 and 25.

10. It is respectfully informed that today, LUMA filed in case *In re: Revisión del Programa Comprehensivo de Manejo de Vegetación de la Autoridad de Energía Eléctrica*, Case No. NEPR-MI-2019-0005, a report on miles and acres of vegetation cleared for each T&D voltage level for the year, cumulatively, as well as for the applicable quarter.

11. In compliance with the February 27th Order and the June 25th Order, the Q4 Report includes information on the number of FTE lineworkers, the number of FTE lineworkers qualified to work on energized lines and an explanation on recruitment efforts. *See* Q4 Report, page 14.

12. It is informed that LUMA's Q4 Federal Funding Report, will be filed with this Energy Bureau in Case *In re Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan*, Case No. NEPR-MI-2021-0002, and includes information on the status of federally funded capital projects.

13. The Q4 Report also 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 this honorable Energy Bureau **take notice** of the aforementioned on the filing of the Q4 Report; **accept** the attached *Exhibit 1* in compliance with the quarterly reporting requirements of the May 31st Resolution and Order, as modified by the July 16th Resolution and Order, the February 27th Order, and the June 25th Order, in the instant proceeding; and **deem** LUMA in compliance with said reporting requirements.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of August 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 attorney of record, Joannely Marrero, jmarrero@diazvaz.law and to Genera PR LLC, through counsels of record, Jorge Fernandez-Reboredo, jfr@sbglaw.com and Alejandro López Rodríguez, alopez@sbglaw.com.



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Exhibit 1
Q4 Report



LUMA Quarterly Report

For the Fourth Quarter of Fiscal Year 2023

Ending June 30, 2023

LUMAPR.COM

ProgresoDeLUMAPR.COM

Delivering a Brighter Energy Future for Puerto Rico

The more than 4,000 men and women of LUMA remain committed to building a more reliable, more resilient, more customer-focused, and cleaner energy system the people of Puerto Rico expect and deserve. In this effort, we continue to make real and measurable progress through improvements in service reliability, grid resiliency, customer service, renewable energy and more. Our goal — shared across our many vital partners and stakeholders — is to work together to build and deliver a brighter energy future for this generation and the next.

As reflected throughout this report, LUMA continues to make progress across the many energy priorities that are critical to transforming the electric system across Puerto Rico. For example, in just the past 12 months, we've replaced over 6,400 broken and damaged poles, cleared vegetation from more than 2,400 miles of transmission and distribution rights-of-way, installed over 55,000 streetlights, and activated net metering for approximately 36,300 rooftop solar customers over, representing over 224 megawatts of clean energy added to the grid.

During the fourth quarter of Fiscal Year 2023 (FY2023), LUMA continued its historic and system-wide repair of critical infrastructure that was severely damaged by Hurricane Fiona, a category 1 storm which brought 100 mph winds, over 30 inches of rain, and widespread flooding to the island in September 2022. LUMA's Fiona response and restoration efforts, as well as the significant cooperation with various local and federal agencies, represents a historic undertaking that has never been seen before in Puerto Rico.

Even as LUMA continues to prioritize building a better energy future for Puerto Rico, it has remained committed to operating efficiently, with fiscal prudence and responsibility as an overarching priority. As of June 30, 2023, LUMA's spending was within budget at the end of the fourth quarter of FY2023. Overall, this report will further outline and detail the scope of LUMA's key actions, activities and preliminary findings for the fourth quarter, dating from April 1, 2023, to June 30, 2023, as well as the 12-month period, from July 1, 2022, to June 30, 2023, of FY2023.

The report is submitted as a requirement of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA). LUMA operates government-owned transmission and distribution assets under a long-term operating agreement administered as part of a public-private partnership overseen by the Puerto Rico Public-Private Partnerships Authority (P3A) and is subject to regulatory oversight by the Puerto Rico Energy Bureau (PREB).

Prioritizing Safety

There is nothing more important to LUMA than the safety of our co-workers, customers and communities. In Q4 alone, LUMA conducted community electrical safety seminars with nearly 1000 community members in 48 different municipalities.

System Rebuild and Resiliency

We are repairing critical grid assets and advancing federally funded capital projects. In FY2023, LUMA received 102 funding obligations from FEMA for projects to improve and transform the electric grid representing an estimated \$493 million.

Improving Customer Satisfaction

We continue to create new paths to listen and respond to customers. Our efforts achieved over 6,000 customers signing payment agreements resulting in the three highest consecutive months of enrollments since the commencement.

Operational Excellence

Our skilled workforce continues to grow through an expanded focus on specialized training. Moreover, in Q4, we hired 31 new apprentices for LUMA's Department of Labor-certified Utility Lineworkers Apprenticeship and Upskilling Program.

Sustainable Energy Transformation

Continuing to advance renewable energy, we activated over 64,000 rooftop solar installations to date. We are also facilitating the interconnection of large-scale renewable projects, having completed studies for Tranche 1 and started working on feasibility studies for Tranche 2.



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

Progress for Puerto Rico during Fiscal Year 2023

Building a Better Energy Future for All LUMA Customers

ENHANCING RELIABILITY

Cleared over

2,400 LINE MILES OF
VEGETATION including over
500 miles with Federal Funds



EXPANDING RENEWABLES

Activated approximately

36,300 ROOFTOP
SOLAR INSTALLATIONS
representing over **224 MW**



IMPROVING SAFETY

Completed more than

2,110 DIRECT
TRAINING HOURS in the
Utility Lineworker Apprenticeship
and Upskilling Programs



INCREASING RESILIENCY

Replaced more than

6,400
BROKEN AND DAMAGED
utility poles



BETTER CUSTOMER SERVICE

Answered over

2,594,100
CALLS with an average
wait time of less than **2 MINUTES**



FEDERAL FUNDED PROJECTS

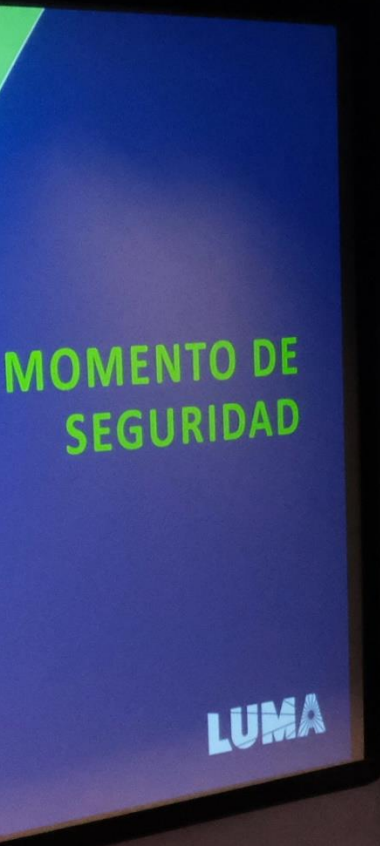
Received

102 FEMA FUNDING
OBLIGATIONS representing
an estimated \$493 million



Prioritizing Safety and Training

- **Hired 31 new apprentices** for LUMA's Utility Lineworkers Apprenticeship Program
- Completed **over 2,110 direct training hours** with employees participating in the Utility Lineworker Apprenticeship and Upskilling Programs
- Completed **234** Department of Transportation inspections and **141** American National Standards Institute vehicle compliance inspections
- Conducted **community electrical safety seminars** with over 1,000 municipal employees in 48 different municipalities
- Over **1,000 course completions** in electrical safety, equipotential bonding, and grounding, confined space entry, and OSHA standards
- Over **1,300 ICS training course completions** in Q4 to increase LUMA's preparedness for an emergency



Empowering Our Communities

- LUMA continued with its internship program providing **paid internships opportunities** in LUMA's engineering, capital programs, regulatory and finance teams to 68 students from six universities in Puerto Rico
- Engaged with **534 public schools and reached 18,000 students** with the Fifth Graders Safety Program and continued our partnership with the Puerto Rico Department of Education to provide **safety workshops in public schools**
- Installed specialized streetlights, designed **to avoid impacting the night vision of sea turtles and marine wildlife**, in nine coastal areas including the Ocean Park neighborhood in San Juan



Improving Outreach and Response to Our Customers

- Responded to over **605,000 customer calls** in the fourth quarter and **2,594,100 calls** since the start of the fiscal year
- Answered the phone in **under 2 minutes** on average since the start of the fiscal year
- Enrolled customers in over **6,000 payment agreements** and completed over **300,000 outbound collection calls**
- Served over **1,986,900 customers** year-to-date in-person across its 25 customer service centers with an average wait time of **under 8 minutes** during the fourth quarter
- Responded to **over 393,000 social media messages** since the start of the fiscal year

Advancing Federally Funded Projects

- Submitted an island-wide vegetation project to FEMA for federal funding obligation that is **worth \$1.2 billion**
- Submitted over 30 detailed SOWs to FEMA for distribution, transmission and substation upgrades to **improve service reliability and resiliency** for our customers
- **Completed the substation transformer replacement** at El Conquistador to return the station to normal configuration
- Submitted detailed SOW to FEMA for the rebuild of **six critical substations** including Costa Sur, Aguirre, San Juan SP, Sabana Llana, Monacillos, and Jobos

Repairing, Restoring & Rebuilding the Electric Grid

- Replaced more than **6,400 broken and damaged utility poles** for the fiscal year
- Replaced or repaired more than **55,000 streetlights** since the start of the fiscal year with continued construction of **15 projects** in Aibonito, Luquillo, Lajas, Aguada, Maunabo, Guánica, Cantaña, Villalba, Dorado, Hatillo, Manatí, San Germán, Trujillo Alto, Aguadilla and Gurabo
- **Cleared more than 2,400 miles of vegetation** from transmission and distribution lines since the start of the fiscal year including more than 500 miles cleared on federally funded capital projects
- Installed over **1,700 distribution automation devices** since the start of the fiscal year

Empowering the Sustainable Energy Transformation

- Activated net metering for over **8,900 rooftop solar installations** representing over **53 MW** during this quarter, resulting in over **36,300 customers** activated during FY2023 alone, representing more than **224 MW**
- Filed **Puerto Rico's Electric Vehicle Adoption Plan** with the Puerto Rico Energy Bureau
- Submitted the final **Energy Efficiency Rider** to the PREB for approval
- Completed program planning and development for **Battery Emergency Demand Response Program**
- **Continued the procurement processes** for the energy efficiency and demand response implementation work and the electric vehicle time-of-use rate

Q4 FY2023 Preliminary Financial Performance

As of June 30, 2023, LUMA's spending was within budget at the end of the fourth quarter of Fiscal Year 2023 (FY2023), spending 99% of its annual operational and non-federally funded capital budget.

Summary of Q4 FY2023 Spending (\$ millions) - Preliminary Results

	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures ²	\$ 552.9	\$ 138.6	\$ 127.6	\$ 552.9	\$ 543.2	\$ 9.7	
Non-Federally Funded Capital Expenditures ²	\$ 77.2	\$ 15.3	\$ 28.4	\$ 77.2	\$ 80.4	\$ (3.2)	
Subtotal²	\$ 630.1	\$ 153.9	\$ 156.0	\$ 630.1	\$ 623.6	\$ 6.5	1%
Federally Funded Capital Expenditures	\$ 580.7	\$ 148.6	\$ 194.5	\$ 580.7	\$ 418.1	\$ 162.6	28%

¹ FY2023 Budget figures above include a 2% reserve for excess expenditures and interim costs and expenses.

² Figures may not add due to rounding.

Consumption and Base Revenue - Preliminary Results

The following table outlines the total consumption and base revenues forecasted amounts compared to quarter and year-to-date actuals:

	FY2023 Forecast	Q4 Forecast	Q4 Actuals	YTD Forecast	YTD Actuals	YTD Variance
Total Consumption (GWh)	16,511	4,166	4,130	16,511	15,545	(966)
Base Revenue (\$ millions) ¹	\$ 1,170	\$ 294	\$ 260	\$ 1,170	\$ 1,024	\$ (146)

¹ Base Revenue does not include revenue collected for Fuel Adjustment, Purchased Power, CILT, and Subsidies.

Disclaimer

This document presents LUMA's Quarterly Report on the operation of the Puerto Rico Transmission and Distribution (T&D) system for the fourth quarter of FY2023, from April 1, 2023, to June 30, 2023. As part of our commitment to transparency, LUMA is providing the preliminary financial information contained in this report as ordered by the Puerto Rico Energy Bureau (PREB). Information presented in this quarterly report is preliminary and subject to revision upon completion of the year-end financial closing process. As would be reasonably expected, preliminary financial information for the period may differ materially from the final numbers. LUMA looks forward to providing a complete and final Annual Report for FY2023 by October 30, 2023, that will reinforce our company's commitment to sound and transparent budgeting and reporting as we continue our mission to build a better energy future for all of Puerto Rico.

Transmission & Distribution Operating Expenditures (\$ millions) - Preliminary Results

	FY2023	Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor								
Salaries, Wages and Benefits		246.6	61.1	53.4	246.6	250.8	(4.2)	
Total Labor	\$	246.6	\$ 61.1	\$ 53.4	\$ 246.6	\$ 250.8	\$ (4.2)	(2%)
Non-Labor								
Materials & Supplies		36.7	9.2	1.7	36.7	32.2	4.5	
Transportation, Per Diem, and Mileage		28.3	7.0	12.0	28.3	26.4	1.9	
Property & Casualty Insurance		21.7	5.4	4.0	21.7	16.2	5.5	
Security		9.7	2.4	1.7	9.7	8.5	1.2	
IT Service Agreements		25.1	6.1	5.4	25.1	21.9	3.2	
Utilities & Rents		10.0	2.2	4.3	10.0	14.5	(4.5)	
Legal Services		7.9	1.9	3.5	7.9	10.5	(2.6)	
Communications Expenses		1.4	0.4	-	1.4	0.1	1.3	
Professional & Technical Outsourced Services		84.0	20.7	26.1	84.0	94.3	(10.3)	
Vegetation Management		52.5	15.0	13.1	52.5	60.1	(7.6)	
Regulation and Environmental Inspection		0.5	0.1	0.2	0.5	0.5	-	
Other Miscellaneous Expenses		17.7	4.3	2.2	17.7	7.2	10.5	
Other Expenses		-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$	295.5	\$ 74.7	\$ 74.2	\$ 295.5	\$ 292.4	\$ 3.1	1%
Subtotal	\$	542.1	\$ 135.8	\$ 127.6	\$ 542.1	\$ 543.2	\$ (1.1)	(0%)
2% Reserve for Excess Expenditures		10.8	2.8	-	10.8	-	10.8	
Total Operating Expenditures	\$	552.9	\$ 138.6	\$ 127.6	\$ 552.9	\$ 543.2	\$ 9.7	2%

¹ Figures may not add due to rounding.

Operating Expenditures by Department

Customer Experience Operational Expenditures (\$ millions) - Preliminary Results

LUMA's Customer Experience Department is core to LUMA's mission to deliver customer-centric, reliable, resilient, safe, and sustainable electricity. Through implementing 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	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor								
Salaries, Wages and Benefits		44.8	11.2	10.7	44.8	40.3	4.5	
Total Labor	\$	44.8	\$ 11.2	\$ 10.7	\$ 44.8	\$ 40.3	\$ 4.5	10%
Non-Labor								
Materials & Supplies		0.3	0.1	0.1	0.3	0.2	0.1	
Transportation, Per Diem, and Mileage		1.0	0.2	0.2	1.0	0.6	0.4	
Property & Casualty Insurance		-	-	-	-	-	-	
Security		-	-	-	-	-	-	
IT Service Agreements		0.9	0.1	-	0.9	-	0.9	
Utilities & Rents		0.1	-	0.1	0.1	0.8	(0.7)	
Legal Services		-	-	-	-	-	-	
Communications Expenses		0.2	0.1	-	0.2	-	0.2	
Professional & Technical Outsourced Services		33.5	8.3	8.5	33.5	34.0	(0.5)	
Vegetation Management		-	-	-	-	-	-	
Regulation and Environmental Inspection		-	-	-	-	-	-	
Other Miscellaneous Expenses		0.2	0.1	(0.1)	0.2	-	0.2	
Other Expenses		-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$	36.2	\$ 8.9	\$ 8.8	\$ 36.2	\$ 35.6	\$ 0.6	2%
Total Operating Expense	\$	81.0	\$ 20.1	\$ 19.5	\$ 81.0	\$ 75.9	\$ 5.1	6%

¹ Figures may not add due to rounding.

Key activities accomplished during Q4 FY2023:

- Answered 605,126 calls with an average speed of answer of 52 seconds and an abandon rate of 5.29%
- Answered 67,835 emails from customers and responded to 99,879 social media messages



- Completed visits to all hospital facilities to update alternate generation and contact information in preparation for hurricane season
- Residential customer satisfaction scores collected by JD Power, which measures electric utility customer satisfaction across the United States, increased by 11 points
- Completed statement of work and design plan for the Contact Center Interactive Voice Response improvements to add the capacity for a customer to report an outage without a representative, list planned outages or load shed areas, and allow customers to process bill objections 24/7, even during emergencies without the assistance of a representative to improve customer self-service options
- Increased calls and meetings with municipalities by 104% and visits to industrial customers by 203% compared to the same quarter last year
- Completed over 300,000 outbound collection calls and created over 6,000 new payment plans
- Disconnected 765 commercial customers for non-payment
- Collected more than \$140 million in past due accounts receivable through standard dunning processes.
- Billed over \$1 billion in revenue and processed over \$950 million in payments, including more than \$8 million in energy assistance funds for customers
- Launched an outreach program for customers in arrears that qualify for Low Income Home Energy Assistance Program
- Completed the visits to 534 public schools across the island reaching 18,000 students with the Fifth Graders Safety Program
- Served over 480,000 customers in regional customer service centers over the quarter
- Identified 51 cases of energy theft after disconnection for non-payment had been completed
- Prepared for the electric vehicle time of use rate implementation, the launch of the Battery Demand Response Program, and conducted testing in anticipation of the energy efficiency rider
- Completed Capital Program presentations with all 78 municipalities providing municipal leaders with information on capital program system upgrades in their municipalities
- Completed 6,091 hours of training and 5,723 Quality Assurance evaluations on customer interactions and billing procedures

The primary driver for the \$5.1 million favorable year-to-date variance for Customer Experience operating expenditures was labor savings due to higher call center productivity and slowed hiring.

Operations Operating Expenditures (\$ in millions) - Preliminary Results

The Operations Department oversees and manages the day-to-day work on the T&D infrastructure and is 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 taking actions to address maintenance and repairs, improving reliability and resiliency.

	FY2023	Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor								
Salaries, Wages and Benefits		119.5	29.0	25.4	119.5	139.9	(20.4)	
Total Labor	\$	119.5	\$ 29.0	\$ 25.4	\$ 119.5	\$ 139.9	\$ (20.4)	(17%)
Non-Labor								
Materials & Supplies		32.8	8.2	0.3	32.8	28.1	4.7	
Transportation, Per Diem, and Mileage		22.4	5.5	9.7	22.4	18.6	3.8	
Property & Casualty Insurance		-	-	-	-	-	-	
Security		-	-	-	-	-	-	
IT Service Agreements		0.8	0.2	0.1	0.8	0.4	0.4	
Utilities & Rents		3.0	0.5	1.5	3.0	5.1	(2.1)	
Legal Services		-	-	0.1	-	0.1	(0.1)	
Communications Expenses		0.1	0.1	-	0.1	0.1	-	
Professional & Technical Outsourced Services		14.2	3.5	2.3	14.2	11.0	3.2	
Vegetation Management		52.5	15.0	13.1	52.5	60.1	(7.6)	
Regulation and Environmental Inspection		-	-	-	-	-	-	
Other Miscellaneous Expenses		13.4	3.3	0.9	13.4	0.9	12.5	
Other Expenses		-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$	139.2	\$ 36.3	\$ 28.0	\$ 139.2	\$ 124.4	\$ 14.8	11%
Total Operating Expense	\$	258.7	\$ 65.3	\$ 53.4	\$ 258.7	\$ 264.3	\$ (5.6)	(2%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q4 FY2023:

- Continued daily fleet repair and maintenance program in advance of hurricane season
- Hired 31 new apprentices into the LUMA Lineworker program for June 2023
- Delivered 2,110 hours of training at LUMA College with the LUMA Substation Apprenticeship Program beginning operations under the United States Department of Labor model
- Conducted 1,991,056 voltage readings to detect voltage problems
- Performed 14,562 meter initializations for remote reading and carried out 14,432 remote field activities
- Performed 15,099 meter replacements and 3,908 meter repairs
- Changed 6,518 meters for net metering
- Installed 514 poles and repaired 1,831 streetlights
- Completed 110 new customer-connected projects and 80,013 service orders
- Replaced eight poles on a 38 kV structure
- Completed 12 new insulation and hardware on 38 kV structures, 240 new insulation and hardware on 115 kV structures and 32 new insulation and hardware on 230 kV structures
- Repaired or replaced 18 switches on 38 kV lines and six switches on 115 kV lines
- Repaired 12 hot spots preventing possible future outages, and performed 58 emergency outage repairs
- Completed 234 Department of Transportation inspections and 141 American National Standards Institute vehicle compliance inspections
- Completed 152 hours of training on gasoline direct injection systems through Automeca Technical College for 19 employees, including mechanics and supervisors
- Completed 57 hours of training on health and safety in the maintenance shop for 19 mechanics
- Completed the right-of-way reclamation of 341 line miles (86 miles 38 kV, 51 miles 115 kV and 25 miles 230 kV, and 179 miles of distribution lines)
- Completed a fourth round of vegetation control at 104 substations

- Created queries to reduce emergency events backlog without the intervention of the dispatcher, based on correlation with outages and duplicity of location (in the process of automating the exercise on a scheduled frequency)
- Supported the transition of generation operation from the Puerto Rico Electric Power Authority (PREPA) to Genera PR by pro-actively completing site inspections of the generation switchyards

The primary drivers for the \$5.6 million year-to-date variance for Operations operating expenditures include variances of \$20.4 million in salaries, wages, and benefits and \$7.6 million in vegetation management, offset by lower spending in categories such as materials and supplies, transportation, per diem, and mileage, and other miscellaneous expenses.

Salaries, wages and benefits expenses were higher than budgeted mainly due to activities aimed at reducing future outage duration and frequency, improving system reliability in preparation for the 2023 hurricane season, and reducing the backlog of customer-driven service orders and net meter installations to accommodate customer renewable energy interconnections. Vegetation management expenses were higher than budgeted mainly due to conducting additional clearing work in preparation for the upcoming storm season, which includes 192 miles of 230 kV transmission lines. This work is vital to improving the system's overall reliability and bolstering the reliability of the 230 kV system, essential to the grid's stability across Puerto Rico.

LUMA Electrical Utility Field Workers

LUMA is providing a quarterly status of electrical utility field workers including those qualified to work on energized lines.

Electrical Utility Field Worker Type	Electrical Utility Field Workers as of June 30, 2023 ³
Utility Electrician	110
Utility Lineworker 1	1
Utility Lineworker 2 ²	73
Apprentice URD Technician	6
URD Technician	6
Apprentice Substation Technician ²	33
Substation Technician ¹	55
Senior Substation Technician ¹	9
Meter Technicians	26
Low-Voltage Technician	109
Foreman ¹	83
Foreman - Low Voltage	40
Apprentice Lineworker, 1st Period	34
Apprentice Lineworker, 2nd Period	31
Apprentice Lineworker, 3rd Period	24
Apprentice Lineworker, 4th Period ²	18
Apprentice Lineworker, 5th Period ²	25
Journeyman Lineworker ¹	360
Total	1043

¹ Electrical utility field workers that can work on energized lines.

² Electrical utility field workers that can work on energized lines with a journeyman lineworker or journeyman substation technician present.

³ The figures include the number of full-time equivalents and do not include groundmen, operators, and laborers that support electrical utility field workers.

LUMA continues to hire and develop electrical utility field workers to meet the requirements of the T&D System and to ramp up to increase the total number of workers deployed in the field. Overall, LUMA had 1043 full-time equivalent

electrical utility field workers employed as of June 30, 2023, compared to a budgeted amount of 842. The variance is due primarily to additional labor focused on repairing damages due to Hurricane Fiona. The deployment of electrical utility field workers during FY2023 has helped to reduce future outage duration and frequency, reduce the backlog of customer-driven service orders, and address net meter installations to accommodate customer renewable energy interconnections. As part of our recruiting process to continue to find qualified workers, LUMA recruits from its existing workforce and engages recruiting firms and posts jobs to the worldwide professional network pool via digital platforms and LUMA's website.

Utility Transformation Operating Expenditures (\$ in millions) - Preliminary Results

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 capital investment programs, including all federally funded work on the electric grid.

	FY2023	Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor								
Salaries, Wages and Benefits		29.1	7.4	4.6	29.1	23.5	5.6	
Total Labor	\$	29.1	\$ 7.4	\$ 4.6	\$ 29.1	\$ 23.5	\$ 5.6	19%
Non-Labor								
Materials & Supplies		1.1	0.3	-	1.1	0.8	0.3	
Transportation, Per Diem, and Mileage		2.5	0.6	1.9	2.5	5.3	(2.8)	
Property & Casualty Insurance		-	-	-	-	-	-	
Security		-	-	-	-	-	-	
IT Service Agreements		0.1	-	-	0.1	-	0.1	
Utilities & Rents		1.8	0.4	1.1	1.8	2.9	(1.1)	
Legal Services		-	-	-	-	-	-	
Communications Expenses		-	-	-	-	-	-	
Professional & Technical Outsourced Services		5.5	1.3	5.1	5.5	11.7	(6.2)	
Vegetation Management		-	-	-	-	-	-	
Regulation and Environmental Inspection		-	-	-	-	-	-	
Other Miscellaneous Expenses		1.1	0.4	0.5	1.1	0.6	0.5	
Other Expenses		-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$	12.1	\$ 3.0	\$ 8.6	\$ 12.1	\$ 21.3	\$ (9.2)	(76%)
Total Operating Expense	\$	41.2	\$ 10.4	\$ 13.2	\$ 41.2	\$ 44.8	\$ (3.6)	(9%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q4 FY2023:

- Submitted two funding proposals to the Department of Energy for underground transmission hardening for enhanced resiliency and grid modernization, utilizing an advanced grid infrastructure in Puerto Rico
- Negotiated two awarded projects from the Department of Energy, including leveraging distributed energy resources and low-cost sensors
- Onboarded 68 interns to the Engineering and Asset Management, and Capital Programs departments from universities across Puerto Rico through training sessions and tours of the LUMA facilities
- Performed field assessments to identify lines previously tied together to provide temporary redundancy that can be returned to their normal operating condition once related work has been completed
- Completed the Way to Resolve software installation for the Geospatial Information System (GIS). The software identifies discrepancies/inconsistencies in feeder-to-asset relationships currently captured in the GIS
- Updated the service order process for new customer service connections, which will now automatically record new service connections in the GIS that were not previously being captured
- Performed field surveys to identify which transformers were connected to specific meters to ensure the information within the GIS was complete and appropriately captured

- Prepared for storm season and emergency events, including material preparedness reviews and training exercises and drills
- Performed outage investigation analysis and support for major and intermediate outages, including contingency planning and equipment sparing
- Processed third-party administrator evaluations to ensure compliance with National Electrical Safety Code requirements and LUMA standards
- Processed 91 third-party administrator requests (for a total of 2,208 attachments) in Q4 FY2023

The primary drivers for the \$3.6 million year-to-date variance for Utility Transformation operating expenditures were higher than budgeted professional and technical services expenses related to grant planning and benefit articulation, as well as engineering and inspection costs associated with the evaluations of the proposed attachment of telecommunications equipment by third parties to utility poles.

Support Services Operating Expenditures (\$ in millions) - Preliminary Results

LUMA's Support Service functions enable the delivery of electric service by supporting the entire enterprise. These functions include safety, emergency management, Information Technology and Operations Technology (IT OT), environmental, legal, procurement, regulatory, finance, and other areas that are imperative to LUMA's success to meet its mission and achieve its key goals.

	FY2023	Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)					
Labor													
Salaries, Wages and Benefits		53.2	13.5	12.7	53.2	47.1	6.1						
Total Labor	\$	53.2	\$	13.5	\$	12.7	\$	53.2	\$	47.1	\$	6.1	11%
Non-Labor													
Materials & Supplies		2.5	0.6	1.3	2.5	3.1	(0.6)						
Transportation, Per Diem, and Mileage		2.4	0.7	0.2	2.4	1.9	0.5						
Property & Casualty Insurance		21.7	5.4	4.0	21.7	16.2	5.5						
Security		9.7	2.4	1.7	9.7	8.5	1.2						
IT Service Agreements		23.3	5.8	5.3	23.3	21.5	1.8						
Utilities & Rents		5.1	1.3	1.6	5.1	5.7	(0.6)						
Legal Services		7.9	1.9	3.4	7.9	10.4	(2.5)						
Communications Expenses		1.1	0.2	-	1.1	-	1.1						
Professional & Technical Outsourced Services		30.8	7.6	10.2	30.8	37.6	(6.8)						
Vegetation Management		-	-	-	-	-	-						
Regulation and Environmental Inspection		0.5	0.1	0.2	0.5	0.5	-						
Other Miscellaneous Expenses		3.0	0.5	0.9	3.0	5.7	(2.7)						
Other Expenses		-	-	-	-	-	-						
Total Non-Labor / Other Operating Expense	\$	108.0	\$	26.5	\$	28.8	\$	108.0	\$	111.1	\$	(3.1)	(3%)
Total Operating Expense	\$	161.2	\$	40.0	\$	41.5	\$	161.2	\$	158.2	\$	3.0	2%

¹ Figures may not add due to rounding.

Key activities accomplished during Q4 FY2023:

- Held 12 onboarding sessions for new hires and 843 interviews for the period
- Negotiated a Collective Bargaining Agreement with the International Brotherhood of Electrical Workers Local Union 787
- Received 100% of the closed-circuit television requirement equipment for physical security ordered to support Regional and Technical Facilities Security and Warehouse Security
- Completed a cybersecurity event tabletop exercise and improved various elements of emergency communication infrastructure to ensure stable communications during an emergency
- Started migration to a technology adoption methodology model allowing faster technology delivery and value to the business, ultimately providing a positive impact on our customers
- Completed fire alarm installation and verification at the control center
- Implemented space and occupancy sensors to view data on space use
- Provided training to employees throughout the organization on timecards to ensure that all labor costs are being captured as accurately as possible

- Continued to improve financial controls and processes to improve the quality and timeliness of information provided to stakeholders
- Developed a new forecasting and budgeting tool for capital expenditures
- Participated in five Puerto Rico Energy Bureau technical conferences and workshops, including the conference on the Consolidated Fiscal Year 2024 Annual Budgets, and submitted over 95 regulatory filings to the Puerto Rico Energy Bureau
- Collaborated with the Department of Transportation and Public Works to expedite the process of endorsements for the installation and replacement of poles on state roads throughout Puerto Rico
- Submitted a draft Wheeling Services Agreement to the PREB in support of the implementation of wheeling
- Submitted LUMA's updated Emergency Response Plan to the Governor, Legislative Assemblies and the PREB

The primary drivers for the \$3.0 million favorable year-to-date variance for Support Services operating expenditures include favorable variances of \$6.1 million in salaries, wages, and benefits and \$5.5 million in property and casualty insurance, offset by the unfavorable variance of \$6.8 million in professional and technical outsourced services.

Salaries, wages, and benefits expenses came in under budget due to lower than expected recruitment and new hires. As a result, the costs for professional and technical outsourced services were higher than budgeted due to the need to contract additional skilled support to complete critical financial functions. Property and casualty insurance expenses were lower than budgeted, 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 Funded (\$ millions) - Preliminary Results

	Federally Funded Capital ¹						
	FY2023 Budget	Q4 Budget	Q4 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	107.3	26.8	33.0	107.3	93.0	14.3	
Distribution	151.3	37.8	107.9	151.3	200.2	(48.9)	
Transmission	126.2	30.8	34.5	126.2	64.7	61.5	
Substations	110.6	27.6	25.3	110.6	44.5	66.1	
Control Center & Buildings	45.0	16.7	1.9	45.0	4.3	40.7	
Enabling	20.1	4.1	(8.5)	20.1	10.4	9.7	
Support Services	8.8	1.7	0.5	8.8	0.9	7.9	
Subtotal	\$ 569.3	\$ 145.7	\$ 194.5	\$ 569.3	\$ 418.1	\$ 151.3	27%
Other							
2% Reserve for Excess Expenditures	11.4	2.9	-	11.4	-	11.4	
Total Capital Expenditures	\$ 580.7	\$ 148.6	\$ 194.5	\$ 580.7	\$ 418.1	\$ 162.7	28%

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

	Non-Federally Funded Capital ¹						
	FY2023 Budget	Q4 Budget	Q4 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	9.3	3.3	7.4	9.3	14.5	(5.2)	
Distribution	23.9	12.9	3.4	23.9	27.8	(3.9)	
Transmission	1.9	1.8	1.4	1.9	2.6	(0.7)	
Substations	13.1	(3.4)	7.5	13.1	13.4	(0.3)	
Control Center & Buildings	3.7	0.9	1.0	3.7	2.6	1.0	
Enabling	19.1	2.7	6.8	19.1	15.3	3.8	
Support Services	4.7	(3.2)	0.9	4.7	4.2	0.5	
Subtotal	\$ 75.7	\$ 15.0	\$ 28.4	\$ 75.7	\$ 80.4	\$ (4.7)	(6%)
Other							
2% Reserve for Excess Expenditures	1.5	0.3	-	1.5	-	1.5	
Total Capital Expenditures	\$ 77.2	\$ 15.3	\$ 28.4	\$ 77.2	\$ 80.4	\$ (3.2)	(4%)

¹ Figures may not add due to rounding; includes capital expenditures related to Hurricane Fiona emergency restoration work.

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

On June 1, 2021, LUMA assumed operations of Puerto Rico's electric transmission and distribution system, inheriting a fragile electric system that had suffered from years—if not decades—of mismanagement and neglect under the prior operator. Given the state of the grid, the electric system could not be immediately operated in accordance with Prudent Utility Practice and minimum industry standards. LUMA's Improvement Programs¹ were designed to address the significant gaps identified prior to the 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 Financial Oversight & Management Board for Puerto Rico in June 2022.

Improvement Portfolio Summary (\$ millions) - Preliminary Results

Portfolio	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Customer Experience	137.9	35.2	42.9	137.9	120.2	17.7	13%
Distribution	188.3	53.5	111.3	188.3	229.0	(40.6)	(22%)
Transmission	128.5	32.7	36.1	128.5	67.7	60.8	47%
Substations	125.8	24.6	33.5	125.8	58.9	66.9	53%
Control Center & Buildings	51.5	18.3	3.1	51.5	8.0	43.5	85%
Enabling	113.0	27.5	19.9	113.0	119.6	(6.5)	(6%)
Support Services	97.3	18.9	21.9	97.3	93.5	3.8	4%
Total	\$ 842.3	\$ 210.6	\$ 268.8	\$ 842.3	\$ 696.8	\$ 145.5	17%

¹ Figures may not add due to rounding.

¹ 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) - Preliminary Results

The **Customer Experience Improvement Portfolio** focuses on enhancing the customer experience, including Distribution, Streetlighting, Billing Accuracy and Back Office, and AMI Implementation programs.

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Streetlighting	\$ 105.0	\$ 26.2	\$ 35.1	\$ 105.0	\$ 95.0	\$ 10.0	
Federally Funded	105.0	26.2	32.7	105.0	92.5		
Non-Federally Funded	-	-	2.4	-	2.5		
OpEx	-	-	-	-	-		
SRP	31.5	7.9	10.5	31.5	28.5		
Billing Accuracy & Back Office	\$ 13.1	\$ 3.5	\$ 2.6	\$ 13.1	\$ 13.3	\$ (0.1)	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	1.0	0.4	0.2	1.0	1.7		
OpEx	12.2	3.0	2.4	12.2	11.6		
SRP	2.0	0.5	0.4	2.0	2.1		
AMI Implementation Program	\$ -	\$ -	\$ 0.3	\$ -	\$ 0.4	\$ (0.4)	
Federally Funded	-	-	0.3	-	0.4		
Non-Federally Funded	-	-	0.0	-	0.0		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	\$ 19.8	\$ 5.5	\$ 4.9	\$ 19.8	\$ 11.5	\$ 8.3	
Federally Funded	2.4	0.6	(0.0)	2.4	0.1		
Non-Federally Funded	8.3	2.8	4.7	8.3	10.3		
OpEx	9.1	2.0	0.2	9.1	1.1		
SRP	8.8	1.5	0.1	8.8	0.3		
Total	\$ 137.9	\$ 35.2	\$ 42.9	\$ 137.9	\$ 120.2	\$ 17.69	13%

¹ Figures may not add due to rounding.

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q4 FY2023 activities included receiving Federal Emergency Management Agency (FEMA) funding obligation and starting construction on four streetlight projects in the Aguadilla, Gurabo, San Germán, and Trujillo Alto communities. Other work includes completing assessments in 21 municipalities; submitting 17 initial scopes of work (SOW) to FEMA; and submitting 14 detailed SOWs in June. Our accomplishments include replacing or repairing more than 11,600 streetlight luminaires since the start of the fiscal year. Total spend for the year was lower than budget due to the impacts of Hurricane Fiona, which delayed the program. At this time, there is no expected variance in achieving program milestones.

The **Billing Accuracy and Back Office** program includes updates to print and delivery of bills and back-office systems to improve the accuracy and timeliness of customer invoices. Key Q4 FY2023 activities included preparations for implementing changes in Oracle Customer Care & Billing (CC&B) regarding CC&B optimization to keep advancing the Meter Lifecycle project. Several activities were initiated several activities, including fixing the estimation algorithm, cleanup of historical meter read errors/exceptions/alerts, high-value bill exception handling and preparation for the implementation of production changes for CC&B optimization. Finalized the technical requirements and Statement of Work for service order changes with CC&B Optimization vendor and began evaluating FY2024 improvements for CC&B optimization including Start / Stop / Transfer Service for possible implementation in Q4 FY2024 or Q1 FY2025. The spend for this program is slightly higher than expected to enable the launch of the utility intelligence platform and carry out project work for CC&B optimization. Although the implementation of the project is slightly delayed due to contract updates required for spending, there is no expected variance in achieving program milestones at this time. The team is implementing improvements now that contract value and SOW approvals have been completed.

The **Advanced Metering Infrastructure (AMI) Implementation** program establishes a two-way communication system to collect detailed metering information throughout a utility's service territory. It represents a foundational technology to enable enhanced resiliency and reliability. This program comprises smart meters, a digital communications network, a head-end system, and a meter data management system. Key Q4 FY2023 activities included submitting the initial SOW to FEMA and receiving a FEMA Accelerated Awards Strategy (FAAST) number. Under the proposed project, the metering devices will be replaced and brought up to the standards and functionality of modern metering and communications

systems. The total spend for the year was higher than the budget due to the pursuit of federal funding for implementing AMI, which was not contemplated in the budget.

Distribution Improvement Portfolio Summary (\$ millions) - Preliminary Results

The **Distribution Improvement Portfolio** focuses on improving the distribution system, including Distribution Pole & Conductor Repair, Distribution Line Rebuild, Distribution Automation, and Distribution Line Assessments programs.

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Pole & Conductor Repair	\$ 71.7	\$ 22.3	\$ 135.1	\$ 71.7	\$ 157.6	\$ (85.9)	
Federally Funded	54.0	13.5	134.8	54.0	146.4		
Non-Federally Funded	6.8	6.1	0.4	6.8	11.0		
OpEx	10.9	2.7	(0.0)	10.9	0.2		
SRP	71.7	20.5	135.1	68.6	157.6		
Distribution Line Rebuild	\$ 59.8	\$ 17.6	\$ (32.4)	\$ 59.8	\$ 50.0	\$ 9.8	
Federally Funded	51.3	12.8	(33.2)	51.3	37.5		
Non-Federally Funded	8.5	4.7	0.7	8.5	11.7		
OpEx	0.0	-	0.0	0.0	0.8		
SRP	5.3	1.5	(1.4)	5.1	2.1		
Distribution Automation	\$ 35.6	\$ 8.7	\$ 6.8	\$ 35.6	\$ 18.3	\$ 17.4	
Federally Funded	26.3	6.6	4.5	26.3	13.3		
Non-Federally Funded	8.4	2.1	2.3	8.4	5.0		
OpEx	1.0	-	-	1.0	-		
SRP	-	-	-	-	-		
Distribution Lines Assessment	\$ 21.2	\$ 5.0	\$ 1.8	\$ 21.2	\$ 3.0	\$ 18.1	
Federally Funded	19.7	4.9	1.8	19.7	3.0		
Non-Federally Funded	0.2	0.1	0.1	0.2	0.1		
OpEx	1.3	-	-	1.3	-		
SRP	21.2	5.0	1.8	21.2	3.0		
Total	\$ 188.3	\$ 53.5	\$ 111.3	\$ 188.3	\$ 229.0	\$ (40.6)	-22%

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 engineering assessments and emergent poles identified and replaced by Operations due to safety concerns. Key Q4 FY2023 activities included replacing nearly 600 broken and damaged utility poles. Total spend for the year was significantly higher than budget due to activities associated with the Hurricane Fiona emergency work, which were not included in the FY2023 budget. At this time, there is no expected variance in achieving program milestones.

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines by performing 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 or tree wiring to improve service reliability and resiliency to critical customers. Key Q4 FY2023 activities included completing area planning analysis on five geographic areas, completing preliminary engineering for seven distribution line projects, and submitting five distribution line detailed SOWs to FEMA. Total spend for the year was lower than budget due to additional upfront engineering time required to refine the project approach, which pushed more expensive detailed engineering into the FY2024. Remediated state milestone has been adjusted to be achieved in FY2028 as outlined in the FY2024 Annual Budgets filing.

The **Distribution Automation** program focuses on deploying equipment for distribution automation. Key Q4 FY2023 activities included commissioning seven three-phase reclosers and installing 63 Trip Savers, as well as completing protection settings on 276 reclosers on 60 feeders. We also installed 465 fault current indicators and 188 new fuse cutouts. Total spend for the year was lower than budget, mainly due to the complexities of the federal procurement process.

The **Distribution Line Assessments** program is targeted at the assessment, testing, and study of distribution lines, along with required spot repairs and replacements. Key Q4 FY2023 activities include performing high-level assessments on 32

feeders after a pause for Fiona-related activities. Total spend for the year was lower than budget due to the preliminary engineering data collection project not moving forward, as well as focus on post-Fiona-related emergency assessment activities. At this time, there is no expected variance in achieving program milestones.

Transmission Improvement Portfolio Summary (\$ millions) - Preliminary Results

The **Transmission Improvement 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 programs.

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Transmission Line Rebuild	\$ 87.1	\$ 23.1	\$ 4.8	\$ 87.1	\$ 32.9	\$ 54.2	
Federally Funded	85.3	21.3	4.2	85.3	31.1		
Non-Federally Funded	1.8	1.8	0.6	1.8	1.8		
OpEx	-	-	0.0	-	(0.0)		
SRP	83.1	20.8	4.6	83.1	31.4		
IT OT Telecom Systems & Network	\$ 32.4	\$ 7.4	\$ 3.1	\$ 32.4	\$ 5.5	\$ 26.9	
Federally Funded	32.0	7.3	2.8	32.0	5.1		
Non-Federally Funded	-	-	0.1	-	0.1		
OpEx	0.4	0.1	0.2	0.4	0.3		
SRP	32.4	7.4	3.0	32.4	5.4		
Transmission Priority Pole Replacements	\$ 6.0	\$ 1.5	\$ 27.8	\$ 6.0	\$ 28.3	\$ (22.3)	
Federally Funded	6.0	1.5	27.1	6.0	27.7		
Non-Federally Funded	-	-	0.6	-	0.6		
OpEx	-	-	-	-	-		
SRP	6.0	1.5	2.3	6.0	2.3		
Programs <5% of Portfolio Total	\$ 3.0	\$ 0.7	\$ 0.4	\$ 3.0	\$ 0.9	\$ 2.1	
Federally Funded	2.9	0.7	0.4	2.9	0.9		
Non-Federally Funded	0.1	0.0	0.0	0.1	0.0		
OpEx	-	-	-	-	-		
SRP	3.0	1.6	0.4	3.5	0.9		
Total	\$ 128.5	\$ 32.7	\$ 36.1	\$ 128.5	\$ 67.7	\$ 60.8	47%

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 Q4 FY2023 activities included completing functional specifications on one 230 kV transmission line; completing three initial SOWs; and receiving 13 FEMA FAASt numbers for projects. Total spend for the year was lower than budget due to the following delays: boring plan approvals by FEMA, U.S. Fish and Wildlife Services requirement for field surveys for all T-Line projects, and a lack of permitting awards from government agencies. At this time, there is no expected variance in achieving program milestones.

The **IT OT Telecom Systems & Network** program includes IT and OT telecom investments to improve the systems that carry T&D system IT and OT data. Key Q4 FY2023 activities include receiving one FEMA FAASt project number; developing Transport Program project charter, planning, and deploying initial sites; completing technical evaluation of network vendor request for proposal; completing land mobile radio vendor selection; and completing approximately 50% of Fiona battery scopes, with 80% of microwave scope completed, assessing fiber damage and planning for repair. Total spend for the year was less than budget mainly due to the complexities to comply with the federal procurement process. At this time, there is no expected variance in achieving program milestones.

The **Transmission Priority Pole Replacements** program includes activities to replace damaged overhead transmission poles, towers, and associated hardware and conductors. Key Q4 FY2023 activities included starting 38 kV Switch Maintenance; completing assessments of 17 transmission lines; and onboarding engineering companies to complete work order packages based on damage assessments. Total spend for the year was significantly higher than budget due to activities associated with Hurricane Fiona response efforts, which were not included in the FY2023. At this time, there is no expected variance in achieving program milestones.

Substations Improvement Portfolio Summary (\$ millions) - Preliminary Results

The **Substation Improvement Portfolio** aims to improve system resiliency and safety while rebuilding, hardening, and modernizing substations through the Substation Rebuilds, Substation Security, and Substation Reliability programs.

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Substation Rebuilds	\$ 96.6	\$ 20.0	\$ 15.8	\$ 96.6	\$ 30.6	\$ 66.0	
Federally Funded	95.5	23.9	14.7	95.5	29.0		
Non-Federally Funded	1.1	(3.9)	1.2	1.1	1.6		
OpEx	-	-	-	-	-		
SRP	96.7	20.0	15.0	93.9	28.9		
Substation Security	\$ 16.9	\$ 3.7	\$ 1.2	\$ 16.9	\$ 1.7	\$ 15.2	
Federally Funded	15.1	3.8	0.5	15.1	1.0		
Non-Federally Funded	0.4	(0.4)	0.0	0.4	0.0		
OpEx	1.4	0.4	0.6	1.4	0.7		
SRP	15.9	3.5	1.1	15.6	1.5		
Substation Reliability	\$ 11.4	\$ 0.8	\$ 16.4	\$ 11.4	\$ 25.9	\$ (14.5)	
Federally Funded	-	-	10.1	-	14.5		
Non-Federally Funded	11.4	0.8	6.2	11.4	11.1		
OpEx	-	-	0.1	-	0.3		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	\$ 0.8	\$ 0.0	\$ 0.1	\$ 0.8	\$ 0.7	\$ 0.1	
Federally Funded	-	-	(0.0)	-	(0.0)		
Non-Federally Funded	0.1	0.0	0.1	0.1	0.7		
OpEx	0.7	-	-	0.7	0.0		
SRP	-	-	-	-	-		
Total	\$ 125.8	\$ 24.6	\$ 33.5	\$ 125.8	\$ 58.9	\$ 66.9	53%

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 Q4 FY2023 activities include receiving FEMA funding obligation for one project, Bayamón Transmission Center (TC); receiving FEMA FAAsT project numbers for 11 projects; completing planning analysis for five rebuild projects; completing functional specification reviews for four substation projects; and submitting detailed SOW to FEMA for 21 projects. Total spend for the year was lower than budget due to the delayed start of preliminary engineering in multiple projects and delays in material and service contract awards. At this time, there is no expected variance in achieving program milestones.

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 Q4 FY2023 activities included receiving FEMA funding obligation for three physical security projects; receiving FEMA funding obligation for one project that includes physical security for Group B under Substation Minor Repairs; starting work at the Manatí and Sabana Llana TC; and awarding a contract for closed circuit television and electronic access control equipment procurement. Total spend for the year was lower than budget due to delayed engineering activities for FEMA-compliant engineering services and awarded contracts have experienced a shortage of personnel. Remediated state milestone has been adjusted to be achieved in FY2032 as outlined in the FY2024 Annual Budgets filing.

The **Substation Reliability** program covers upgrading and reinforcing the existing and aging system infrastructure to improve system reliability. Key Q4 FY2023 activities included energizing the 115/13 kV transformer and initiating two oil circuit breaker replacements at Guánica TC; completing substation transformer replacements at El Conquistador; completing Aguirre Protection and Control design and oil circuit breaker replacement part of the overall Aguirre breaker replacement programs; completing rebuild of metal clad switchgear, adding new breakers and reconfiguring feeders for improvements in reliability at Bayamón TC; and completing design to separate gas turbines from distribution transformer at Jobos TC. Total spend in the year was higher than budget due to Hurricane Fiona emergency substations repairs completed in the fourth quarter, which was not included in the FY2023 budget.

Control Center and Buildings Improvement Portfolio Summary (\$ millions) - Preliminary Results

The **Control Center and Buildings Improvement Portfolio** focuses on building the necessary infrastructure to deliver economic and reliable energy and meeting applicable laws and regulations through Critical Energy Management System (EMS) Upgrades, Facilities Development & Implementation, and Control Center Construction & Refurbishment programs.

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Critical Energy Management System Upgrades	\$ 25.7	\$ 13.6	\$ 0.5	\$ 25.7	\$ 1.7	\$ 24.0	
Federally Funded	25.5	13.5	0.4	25.5	1.5		
Non-Federally Funded	0.2	0.1	0.0	0.2	0.2		
OpEx	-	-	0.0	-	0.0		
SRP	25.6	13.5	0.5	25.6	1.7		
Facilities Development & Implementation	\$ 14.8	\$ 3.7	\$ 0.9	\$ 14.8	\$ 2.7	\$ 12.1	
Federally Funded	10.1	2.5	0.2	10.1	0.3		
Non-Federally Funded	2.3	0.6	0.7	2.3	2.1		
OpEx	2.4	0.6	0.1	2.4	0.3		
SRP	13.1	3.3	0.8	13.1	2.4		
Control Center Construction & Refurbishment	\$ 9.4	\$ 0.7	\$ 1.3	\$ 9.4	\$ 2.6	\$ 6.8	
Federally Funded	9.3	0.6	1.3	9.3	2.5		
Non-Federally Funded	0.1	0.0	0.1	0.1	0.1		
OpEx	-	-	-	-	-		
SRP	6.2	0.4	0.9	6.2	1.7		
Programs <5% of Portfolio Total	\$ 1.5	\$ 0.3	\$ 0.4	\$ 1.5	\$ 1.0	\$ 0.5	
Federally Funded	0.1	0.0	(0.0)	0.1	(0.0)		
Non-Federally Funded	1.0	0.2	0.2	1.0	0.3		
OpEx	0.4	0.1	0.2	0.4	0.7		
SRP	0.1	0.0	0.1	0.1	0.1		
Total	\$ 51.5	\$ 18.3	\$ 3.1	\$ 51.5	\$ 8.0	\$ 43.5	85%

¹ Figures may not add due to rounding.

The **Critical Energy Management System Upgrades** program will replace obsolete and unsupported EMS and add relevant technology to operate the electric system safely and reliably. Key Q4 FY2023 activities included finalizing the contract to replace critical emergency management system. The spending continues to be lower than anticipated due to delays in contract development. The EMS contract was signed eight days before the end of the quarter, and payments are deferred to the first quarter of next year. Remediated state milestone has been adjusted to be achieved in FY2025 as outlined in the FY2024 Annual Budgets filing.

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q4 FY2023 activities included submitting seven initial SOWs documents for the Santurce complex, Sabana Llana Meter Shop, roof replacement of the office building in Monacillos, Duratex building renovation supporting Primary Control Center Build, Guaynabo renovation supporting primary control center build and Palo Seco rebuild, and installing sensor system to track space usage, established strategy for implementation of the facilities asset management and preventative maintenance mainframe. The spending for this program was lower than anticipated primarily due to the complexity of federal procurement requirements and processes. As outlined in the FY2024 Budgets filing, one year delay in the timeline for all federal building refurbishments is expected due to extended contract negotiations for Arquitectural & Engineering (A&E) firm contracts and LUMA A&E contract values cumulating \$30M requiring Financial Oversight & Management Board for Puerto Rico and P3A approvals.

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 Q4 FY2023 activities included submitting the primary control center detailed SOW to FEMA for funding obligation, finalizing primary control center design development documents prepared by the A&E Team for review, receiving permit approvals, and corresponding with landowners and developing appraisals for parcels under consideration for the secondary control center. The spend for this program is lower than anticipated due to the budget being set based on the A&E team being under contract. Remediated state milestone has been adjusted to be achieved in FY2026 as outlined in the FY2024 Annual Budgets filing.

Enabling Improvement Portfolio Summary (\$ millions) - Preliminary Results

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

Program	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Vegetation Management²	\$ 52.5	\$ 15.0	\$ 13.1	\$ 52.5	\$ 60.1	\$ (7.6)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	-	-	-	-	-	-	
OpEx	52.5	15.0	13.1	52.5	60.1		
SRP	52.5	15.0	13.1	52.5	60.1		
Compliance, Studies, Technology and Performance	\$ 18.3	\$ 4.6	\$ 5.0	\$ 18.3	\$ 22.7	\$ (4.5)	
Federally Funded	16.3	4.1	6.9	16.3	23.1		
Non-Federally Funded	2.0	0.5	(1.9)	2.0	(0.6)		
OpEx	-	-	0.1	-	0.2		
SRP	15.3	3.8	4.2	15.3	19.0		
HSEQ and Technical Training	\$ 15.0	\$ 3.8	\$ 1.7	\$ 15.0	\$ 10.4	\$ 4.6	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	-	-	-	-	-	-	
OpEx	15.0	3.8	1.7	15.0	10.4		
SRP	15.0	3.8	1.7	15.0	10.4		
T&D Fleet	\$ 12.2	\$ 2.7	\$ 14.8	\$ 12.2	\$ 30.9	\$ (18.7)	
Federally Funded	1.6	-	(0.0)	1.6	(0.0)		
Non-Federally Funded	8.2	2.0	8.2	8.2	8.2		
OpEx	2.4	0.6	6.6	2.4	22.7		
SRP	11.7	2.3	14.8	11.9	30.9		
Tools Repair & Management	\$ 6.0	\$ 1.5	\$ 0.6	\$ 6.0	\$ 5.8	\$ 0.2	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	6.0	1.5	0.6	6.0	5.8		
OpEx	-	-	-	-	-	-	
SRP	6.0	1.5	0.6	6.0	5.8		
Programs <5% of Portfolio Total	\$ 9.1	\$ (0.0)	\$ (15.3)	\$ 9.1	\$ (10.3)	\$ 19.4	
Federally Funded	2.3	0.1	(15.4)	2.3	(12.7)		
Non-Federally Funded	2.9	(1.3)	(0.0)	2.9	1.9		
OpEx	3.9	1.3	0.1	3.9	0.5		
SRP	3.8	(0.1)	0.0	3.9	1.0		
Total	\$ 113.0	\$ 27.5	\$ 19.9	\$ 113.0	\$ 119.6	\$ (6.5)	(6%)

¹ Figures may not add due to rounding.

² The actuals associated with the federally funded capital vegetation line clearance are included in the line rebuild improvement programs.

The **Vegetation Management** program includes work to abate or mitigate immediate hazards caused by vegetation in critical locations and an ongoing program to clear and re-establish the rights of way to standard widths. Key Q4 FY2023 activities included completing the reclamation of 341 line miles (86 miles on 38 kV, 179 miles distribution, 51 miles 115 kV and 25 miles 230 kV) of electric lines during the quarter using non-federal funding, completing the reclamation of 357 miles (291 miles of distribution reclamation and 66 miles of transmission reclamation) of electric lines during the quarter using federal funding, completing a fourth round of vegetation control at 104 substations, submitting two detailed SOW to FEMA for the initial phase of the work in June 2023, and submitting the FEMA project initial SOW for 1.2 billion for an island-wide vegetation clearing. The variance in the Operations budget is mainly due to contractor tree trimming, even though full-time equivalents were reduced in Q4. At this time, there is no expected variance in achieving program milestones.

Voltage	FY2023 Q4 Miles Cleared			FY2023 YTD Miles Cleared			FY2023 Q4 Acres ¹ Cleared			FY2023 YTD Acres ¹ Cleared		
	Federally Funded	OpEx	Total Miles	Federally Funded	OpEx	Total Miles	Federally Funded	OpEx	Total Acres	Federally Funded	OpEx	Total Acres
Distribution	291	179	470	445	787	1,232	424	260	684	648	1,144	1,792
38 kV	23	86	109	23	425	448	68	261	329	68	1,289	1,357
115 kV	6	51	57	24	343	367	69	621	690	290	4,153	4,443
230 kV	37	25	62	105	294	399	452	299	751	1,272	3,560	4,832
Total	357	341	698	597	1,849	2,446	1,013	1,441	2,454	2,278	10,146	12,424

¹ To calculate acres from miles, the miles are converted to feet by multiplying by 5,280. Then the width of the right of way is assumed for each voltage level (distribution = 12', 38 kV = 25', and 115 & 230 kV = 100'). The miles (in feet) are multiplied by the ROW width (in feet) to determine the square feet completed. Finally, the square feet are converted to acres by dividing by 43,560 sq feet per acre.

The **Compliance, Studies, Technology & Performance** program supports the completion of distribution planning and protection studies and 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 Q4 FY2023 activities included completing six area plans and 150 distribution feeders; completing ground grid scans on 14 substations; initiating the purchase for the second license of the grounding studies software and procuring a second ground scanning unit; receiving equipment and tools for the installation of copper-clad steel grounding improvements in substations; completing three studies as part of the pilot project (Hato Rey, Arecibo Hospital and Unibon); installing current sensors at different locations along the feeders to perform load flow analysis to identify unbalanced load across the feeders; and performing additional grounding improvements at Hato Rey, as recommended by the study, will be included in the Hato Rey Substation Rebuild FEMA project. Total spend for the year was higher than budget, mainly due to the increase in planning studies identified as part of area planning and distribution line rebuilds, additional substation work, and transmission line work. At this time, there is no expected variance in achieving program milestones.

The **HSEQ and Technical Training** program provides HSEQ and technical training to field personnel. Key Q4 FY2023 activities included completing over 2,000 direct training hours with employees participating in the Utility Lineworker Apprenticeship and Upskilling Program and more than 1,000 workers course completions in various HSEQ training, including electrical safety, equipotential bonding, and grounding, confined space entry, and Occupational Safety & Health Administration (OSHA) standards. The spending was lower than anticipated due to lower amounts of training completed in the first half of the year due to the prioritizations of the response to Hurricane Fiona. Despite the delays associated with the response to Hurricane Fiona, there is 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. It is focused on initializing and improving processes for data collection, repair, and maintenance of these assets. Key Q4 FY2023 activities included completing 234 Department of Transportation inspections and 141 American National Standards Institute vehicle compliance inspections, providing 57 hours of training on Health and Safety in the maintenance shop through the HSEQ department to 19 mechanics, and providing 152 hours of direct injection systems through Automeca Technical College to 19 employees including mechanics and supervisors. The variance reflects an increase in major repairs of specialized units to keep them in compliance, the completion of the process to rent with purchase options, and the purchase of light-duty vehicles. Remediated state milestone has been adjusted to be achieved in FY2032 as outlined in the FY2024 Annual Budgets filing.

The **Tools Repair & Management** program focuses on a personal protective equipment and tooling plan to address safety needs while implementing a better system for managing personal protective equipment and tools, including a centralized tool and equipment crib system. Key Q4 FY2023 activities include continuing efforts on the tool crib procurements, implementing standardized processes, procuring critical tools for Substations, Telecom and Line Construction areas, piloting initial delivery and tracking of tools to crew level within Mayaguez Region, beginning design of additional tool crib location for East and West for island-wide coverage and training 50% of Operations personnel in use and maintenance of standard tools. The Quarterly spending is under forecast, but the year total spending is in line with the FY2023 budget. This program's milestones for FY2023 were achieved as planned. Remediated state milestone has been adjusted to be achieved in FY2025 as outlined in the FY2024 Annual Budgets filing.

Support Services Improvement Portfolio Summary (\$ millions) - Preliminary Results

The **Support Services Improvement Portfolio** supports the overall successful operation of the utility through various programs, including the Human Resources Programs; 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	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
HR Programs	\$ 62.7	\$ 15.6	\$ 17.4	\$ 62.7	\$ 79.1	\$ (16.4)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	0.3	(0.0)	0.1	0.3	0.2		
OpEx	62.5	15.6	17.3	62.5	78.9		
SRP	-	-	-	-	-		
Renewables Integration, Minigrids & Generation Studies	\$ 5.0	\$ (0.8)	\$ 0.8	\$ 5.0	\$ 2.7	\$ 2.2	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	0.0	(2.0)	0.0	0.0	0.0		
OpEx	4.9	1.2	0.8	4.9	2.7		
SRP	-	-	-	-	-		
IT OT Asset Management	\$ 6.8	\$ 1.1	\$ 0.5	\$ 6.8	\$ 1.3	\$ 5.5	
Federally Funded	5.9	1.0	0.5	5.9	1.1		
Non-Federally Funded	0.1	(0.2)	0.0	0.1	0.1		
OpEx	0.8	0.2	0.1	0.8	0.1		
SRP	6.6	1.1	0.5	6.9	1.3		
Update to Third Party Use, Audit, Contract and Billing Procedures	\$ 5.8	\$ 1.4	\$ 1.7	\$ 5.8	\$ 4.1	\$ 1.6	
Federally Funded	2.9	0.7	-	2.9	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	2.8	0.7	1.7	2.8	4.1		
SRP	2.5	0.7	0.8	2.8	2.0		
Programs <5% of Portfolio Total	\$ 17.0	\$ 1.5	\$ 1.4	\$ 17.0	\$ 6.2	\$ 10.8	
Federally Funded	-	-	0.0	-	(0.2)		
Non-Federally Funded	4.3	(1.0)	0.8	4.3	3.8		
OpEx	12.7	2.5	0.6	12.7	2.6		
SRP	14.9	0.4	1.3	14.6	5.6		
Total	\$ 97.3	\$ 18.9	\$ 21.9	\$ 97.3	\$ 93.5	\$ 3.8	4%

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 Q4 FY2023 activities include developing and implementing an optimized performance management process, training all employees and managers in the appraisal and calibration process, and applying a digital code of ethics course for new hires to take during the onboarding process that can be completed through the Workday, whether using the desktop or mobile application. Other activities include supporting all areas and disciplines in creating a business continuity plan from a people perspective, creating a plan to establish parameters for open enrollment, emergency notifications and response. The spending in this program was higher than anticipated, primarily 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 to support compliance with the integrated resource plan and regulatory requirements related to renewable integration, distributed energy resources, and generation. Key Q4 FY2023 activities included submitting the Filing of Puerto Rico's Electric Vehicle Adoption Plan and final Energy Efficiency rider filing for PREB's approval, completing the program planning and development for Battery Emergency Demand Response Program, advancing the Energy Efficiency/Demand Response implementation contractor procurement process and the Electric Vehicles Time of Use Rate contractor procurement process. The variance is due to program activities progressing slower than anticipated due to complexities required to comply with the federal procurement process.

The **IT OT Asset Management** program introduced industry-standard IT OT asset management procedures and continues to provide the necessary system upgrades to ensure secure business operation and continuity and improved customer responsiveness. The program's scope 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 establishing a new backup data center to ensure the reliability and resilience of technology systems. Key Q4 FY2023 activities include system upgrades, ongoing optimization, customer case management platform integration to Outage Management System; replacing components in the Core Network and a new

Supervisory Control and Data Acquisition System in La Torre. The variance of this program is due to the additional time and effort required to validate business requirements and plan the execution of the work to ensure successful implementation.

The **Update to Third Party Use, Audit, Contract and Billing Procedures** program is focused on updating procedures for third-party use of land, infrastructure, audits, contracts, and billing. Key Q4 FY2023 activities include processing 91 third-party attachment evaluations; continuing negotiations with the telecommunication companies interested in signing the joint use agreement with LUMA; releasing a short bid to LUMA contracted engineering firms; and implementing the pole repository system. Total spend for the year was lower than budget due to the proposed federally funded work not being required. At this time, there is no expected variance in achieving program milestones.

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 Shared Services

LUMA is responsible for delivering Shared Services to perform certain administrative, managerial and operational services as required for the operation and management of the Legacy Generation Assets. These responsibilities were contemplated as outlined in Annex VI of the T&D OMA and are governed by the Shared Services Agreement between PREPA, P3A and LUMA effective June 1, 2021. The purpose of these shared services is to provide services while PREPA reorganizes, this included material support and actions related to GenCo's transition from PREPA's operations to Genera. These activities were not contemplated in the original FY23 budget and resulted in material overspending on certain activities in the second half of FY23. During this period under the SSA, also known as the Shared Services Period, LUMA provides PREPA with services that generally fall into three (3) areas:

- T&D Operations – This is limited to technical O&M support for specific electrical equipment under the responsibility of PREPA at generation plant locations historically supported by Substation and Lines teams.
- Information Technology – This support provides access and services to PREPA on IT OT infrastructure managed by LUMA.
- Finance and Accounting – This includes general accounts payable, accounting and treasury activities provided by LUMA for PREPA and the placement of insurance policies covering all of PREPA's assets and activities (T&D and generation).

The costs for the Shared Services activities are considered part of Generation Pass-Through Expenditures incurred by PREPA in accordance with the T&D OMA.

Shared Services Summary (\$ millions) - Preliminary Results

	FY2023 Budget ¹	Q4 Budget ¹	Q4 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor	4.7	1.2	1.1	4.7	3.5	1.2	
Property & Casualty Insurance	44.1	11.0	13.1	44.1	52.3	(8.2)	
IT Service Agreements	7.6	1.9	0.9	7.6	4.1	3.5	
Professional & Technical Outsourced Services	1.5	0.4	2.4	1.5	5.3	(3.8)	
Other	0.7	0.2	1.2	0.7	1.8	(1.1)	
Subtotal	\$ 58.6	\$ 14.7	\$ 18.7	\$ 58.6	\$ 67.0	\$ (8.4)	-14%
2% Reserve for Excess Expenditures	1.2	0.3		1.2		1.2	
Shared Services Total	\$ 59.8	\$ 15.0	\$ 18.7	\$ 59.8	\$ 67.0	\$ (7.2)	-12%

¹ Figures may not add due to rounding.

The primary driver for the \$7.2 million year-to-date variance is higher property and casualty insurance costs as a result of higher-than-expected premiums for the generation fleet as a portion of the total insurance program, as well as increased professional and technical outsourced services costs mainly related to Genera transition activities.

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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