

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

NEPR

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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
First Quarter of Fiscal Year 2024**

**MOTION TO SUBMIT QUARTERLY REPORT FOR THE FIRST QUARTER OF
FISCAL YEAR 2024**

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 certain "requirements for LUMA to fulfill during the Interim Period and going forward" including, among others, annual explanations of the differences between accounts expenses and approved budgets and efficiencies and reporting on federal funding activity. *See* May 31st Resolution and Order at page 36, paragraphs 1 through 4; *see also* Resolution and Order of July 16, 2021 at page 6 (modifying the federal funding reporting requirements stated in the May 31st Resolution and Order) ("July 16th Order").

3. 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 quarterly reporting requirements on actual expenditures and spending amounts for the quarter and year-to-date activities, information to assess outstanding balances, as well as information on actual load and sales (the "February 27th Order"). *See* February 27th Order, page 28. Furthermore, this Energy Bureau required that LUMA submit quarterly, information regarding the number of Full Time Equivalent ("FTE") lineworkers and the number of FTE lineworkers qualified to work on energized lines. *See* February 27th Order at p.14; *see also* June 25th Order at p. 33.

4. 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 expanded the reporting requirements applicable to LUMA's quarterly reports by requiring LUMA to include the following:

1. Information on the status of funding, expenditures and progress of vegetation management work, *see* June 25th Order at p. 33;
2. A comprehensive explanation of variances in Vegetation Management expenditures, *see* June 25th Order at pp. 9 and 33;
3. 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.*;
4. Information on LUMA's progress in transforming the Outage Management System ("OMS") to full functionality, *see id.*, at p. 34; and

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").

5. Inform of LUMA's progress in achieving the ability of customers to contact a Customer Representative relative to non-emergency issues during an emergency. *Id.*

5. In compliance with the quarterly reporting requirements set forth in the May 31st Resolution and Order, as modified by the July 16th 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 2024, for the First Quarter ending September 30, 2023 ("Q1 Report"). The Q1 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.

6. The Q1 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, with a breakdown of expenditures for the Operating Budget and each of the Capital Budgets (federally and non-federally funded). The Q1 Report includes expenditures information for Q1 as well as year-to-date variances from the approved budget. The Q1 Report includes detailed information on spending portfolios and explanations on updates of key projects.

7. The Q1 Report also includes the quarterly information on shared services, *see* Q1 Report, p. 40 , and information on load and sales forecasts, *see* Q1 Report, page 21.

8. In compliance with the June 25th Order, the Q1 Report identifies variances in Vegetation Management expenditures. *See* Q1 Report, p. 36.

9. 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.

10. In compliance with the February 27th Order and the June 25th Order, the Q1 Report also 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* Q1 Report, p. 25.

11. Furthermore, as required by the June 25th Order, the Q1 Report includes data on LUMA's progress in transforming and updating the OMS, *see* Q1 Report, pp.37-38 (description of the IT OT Asset Management Program), and information on customers' ability to contact a Customer Representative on non-emergency issues during an emergency, *see* Q1 Report, p. 23.

12. It is informed that LUMA's Q1 Federal Funding Report, filed today 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, includes information on the status of federally funded capital projects.

13. Finally, as LUMA informed in Exhibit 1 of the *Motion Submitting Comments on Additional Reporting Requirements in Compliance with Item 10 of Attachment A of the Resolution and Order of June 25, 2023*, LUMA is submitting as *Exhibit 2* of this Motion, the Budget to Actuals Report in excel workbook format, that LUMA shares quarterly with the Financial Oversight and Management Board for Puerto Rico ("FOMB").

14. The Q1 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 Q1 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; **accept** the attached *Exhibit 2*; and **deem** LUMA in compliance with the reporting requirements set forth in the aforementioned orders.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of November 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 González & Martínez, Mirelis Valle-Cancel, mvalle@gmlex.net; Alexis G. Rivera Medina, grivera@gmlex.net; and counsels for Genera PR LLC, Jorge Fernandez-Reboredo, jfr@sbglaw.com, Alejandro López Rodríguez, alopez@sbglaw.com and Joaquín Lago, jlago@sbglaw.com.



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Exhibit 1
Q1 Report
Supporting schedules to be submitted via email



Informe trimestral de LUMA

para el primer trimestre del año fiscal 2024

finalizado el 30 de septiembre de 2023

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LUMA, liderando la transformación energética hacia un futuro más limpio, confiable, resiliente y brillante

En todo Puerto Rico, los casi 4,500 hombres y mujeres de LUMA continúan logrando progreso real, significativo e histórico hacia la construcción de un mejor sistema eléctrico para nuestros 1.5 millones de clientes. Este progreso incluye el mejorar la confiabilidad del servicio, la resiliencia de la red, el servicio al cliente y la energía renovable para lograr un impacto duradero y positivo en las comunidades que servimos en toda la isla.

LUMA continúa trabajando para modernizar y transformar la extensa infraestructura de transmisión y distribución de Puerto Rico con el fin de proporcionar un servicio eléctrico transparente y eficiente a nuestros clientes. Para lograr nuestra misión de construir un mejor futuro energético para Puerto Rico, LUMA está implementando programas de mejoras integrales diseñados estratégicamente para abordar las brechas críticas en el sistema que se identificaron antes de iniciar nuestras operaciones en 2021. El conjunto de iniciativas que está llevando a cabo LUMA tiene como objetivo elevar no solo la excelencia operacional de la empresa, sino también la calidad y confiabilidad de los servicios que LUMA provee diariamente a sus clientes. Como resultado de estas iniciativas, seguimos haciendo progresos significativos durante el primer trimestre del año fiscal 2024 mediante la sustitución de 1,600 postes y 15,000 luminarias para aumentar la resiliencia general de la red y mejorar la confiabilidad del servicio para nuestros clientes.

Con respecto a nuestro compromiso con las energías renovables, hemos avanzado en el incremento de las energías renovables a un ritmo histórico iniciando medidas para permitir la integración de las energías renovables al sistema e impulsar el aumento del uso de la energía solar residencial y la energía limpia, ayudando a Puerto Rico a reducir su dependencia de los combustibles importados. Solo en este trimestre, LUMA añadió 89 MW como resultado de activar la medición neta para más de 12,700 sistemas de paneles solares en techos. Además, al interconectar proyectos de energía solar y eólica a gran escala, LUMA está contribuyendo a aumentar significativamente el suministro de energía renovable en la isla.

LUMA también se mantiene enfocada en proveer el más alto servicio a las comunidades que atendemos para asegurar una rápida atención al cliente a través de nuestros centros de servicio al cliente. Estos atendieron a 597,611 clientes durante el primer trimestre, con un tiempo promedio de espera de menos de nueve minutos. LUMA está fortaleciendo su compromiso con la educación, la atención médica y el desarrollo de infraestructura al participar activamente con organizaciones locales, incluido el Boys and Girls Club de Puerto Rico y el Hogar Abrazo de Amor.

Este informe describe con más detalle el alcance de las acciones, actividades y logros de LUMA para el período de 3 meses del 1 de julio al 30 de septiembre de 2023. LUMA se ha mantenido firme en nuestro compromiso de operar de manera eficiente, con prudencia y responsabilidad fiscal. LUMA continuó operando dentro del presupuesto durante el primer trimestre del año fiscal 2024 lo que demuestra nuestra responsabilidad fiscal.

Este informe se presenta como parte de nuestro compromiso con la transparencia, y como requisito del Acuerdo de Operación y Mantenimiento del Sistema de Transmisión y Distribución de Puerto Rico (T&D OMA, por sus siglas en inglés). LUMA opera activos de transmisión y distribución propiedad del gobierno en virtud de un acuerdo de operación a largo plazo administrado como parte de una asociación público-privada que supervisa la Autoridad de Alianzas Público-Privadas de Puerto Rico (P3A), y está sujeta a la supervisión regulatoria del Negociado de Energía de Puerto Rico (PREB).

Prioridad a la seguridad

No hay nada más importante para LUMA que la seguridad de nuestros compañeros, clientes y comunidades. En el primer trimestre, renovamos nuestra colaboración con el Departamento de Educación para impartir talleres sobre seguridad eléctrica a los estudiantes. Hasta la fecha, hemos llegado a 18,000 estudiantes a través de esta asociación.

Reconstrucción y resiliencia del sistema

Estamos reparando activos críticos de la red, y avanzando en proyectos de capital financiados con fondos federales. En el primer trimestre del AF2024, LUMA presentó 67 alcances de trabajo detallados a FEMA que representan unos \$4,600 millones para financiar proyectos de mejora y transformación de la red eléctrica.

Mejora en la satisfacción de los clientes

Seguimos creando nuevas vías para escuchar, apoyar y responder a nuestros clientes. En el primer trimestre, lanzamos el portal web de mejoras planificadas, que permite a los clientes planificar sus actividades tomando en cuenta las interrupciones del servicio cuando LUMA está realizando mejoras en el sistema para aumentar la confiabilidad.

Excelencia operativa

Nuestra mano de obra cualificada sigue desarrollándose gracias a una mayor atención a la capacitación especializada. Durante el primer trimestre, 164 empleados participaron en el Programa de aprendizaje para trabajadores de líneas de servicios públicos acreditado por LUMA College.

Transformación energética sostenible

Seguimos avanzando en energías renovables a un ritmo histórico. Hemos firmado acuerdos de interconexión a gran escala con cuatro proyectos de energías renovables, lo que representa 193 MW de generación para la isla.



Nuestra misión para Puerto Rico

Recuperar y transformar el sistema eléctrico para proveer un servicio energético centrado en el cliente, confiable, resiliente, seguro y sostenible a precios razonables



LA SEGURIDAD ES PRIORIDAD

Reestructurar las actividades del sistema eléctrico para apoyar una cultura de seguridad fuerte centrada en los empleados y el pueblo



MEJORAR LA SATISFACCIÓN DE LOS CLIENTES

Transformar las operaciones para ofrecer una experiencia positiva al cliente y una electricidad confiable a precios razonables



RECONSTRUCCIÓN Y RESILIENCIA DEL SISTEMA

Utilización efectiva de fondos federales para restaurar la red y mejorar la resistencia de las infraestructuras vulnerables



EXCELENCIA OPERACIONAL

Ayudar a los empleados a alcanzar la excelencia operacional a través de nuevos sistemas, nuevos procesos y nuevas capacitaciones



TRANSFORMACIÓN ENERGÉTICA SOSTENIBLE

Modernizar la red eléctrica para lograr un sistema energético sostenible



Datos clave: progreso para Puerto Rico durante el primer trimestre del AF2024

Construyendo un futuro energético mejor para todos los clientes de LUMA

MEJORAMOS LA FIABILIDAD.

Instalamos

30 DISPOSITIVOS DE AUTOMATIZACIÓN DE distribución de reconectores monofásicos.



EXPANDIMOS LA ENERGÍA RENOVABLE.

Activamos más de

12,700 SISTEMAS DE PANELES SOLARES EN TECHOS, que representan sobre **89 MW**.



MEJORAMOS LA SEGURIDAD.

Se completaron más de

19,040 HORAS DE CAPACITACIÓN DIRECTA.



AUMENTAMOS LA RESISTENCIA.

Sustituimos de más de

1,600 postes ROTOS Y DAÑADOS.



MEJORAMOS EL SERVICIO AL CLIENTE.

Respondimos sobre

676,927 LLAMADAS con un tiempo promedio de espera de un minuto y diez segundos.



PROYECTOS CON FONDOS FEDERALES

Presentamos

67 ALCANCES DE TRABAJO detallados, cuyo estimado es de **\$4,600 millones**.





Prioridad a la seguridad y la capacitación

No hay nada más importante para nosotros que la seguridad de nuestros trabajadores, contratistas y el público en general. Como parte de este compromiso, este trimestre hemos:

- Proporcionado a los empleados de LUMA **19,040 horas de capacitación e inscrito a 49 empleados** en el **Programa de mejora de destrezas de LUMA**, cuyas evaluaciones finales están previstas para septiembre-octubre de 2023, y la finalización del programa, para noviembre de 2023
- Completado **40 inspecciones de cumplimiento de vehículos** del Departamento de Transportación y **10** del Instituto Nacional Estadounidense de Estándares
- Implementado un **plan de responsabilidad de seguridad para contratistas** enfocado en la capacitación para la notificación de incidentes, la investigación de incidentes y las expectativas de observación



Empoderando a nuestras comunidades

LUMA tiene el compromiso de asociarse, educar e invertir en el futuro de nuestras comunidades. Como parte de este compromiso, este trimestre:

- Los empleados de LUMA, junto con nuestro presidente, Juan Saca, colaboraron con la Scuba Dogs Society para apoyar a la Comunidad Playita en San Juan, **y recogieron más de 200 libras de basura**
- El equipo de LUMA realizó aportaciones de empleados a la **Asociación Puertorriqueña de Diabetes, el Club de Niños y Niñas de Puerto Rico, la Fundación Make-a-Wish y el Hogar Abrazo de Amor**, un centro comunitario y refugio para mujeres jóvenes y niñas en Arecibo
- Realizamos **20 actividades comunitarias**, y donamos más de **500 horas de trabajo de los empleados**, con lo cual LUMA mantiene su compromiso de estar presente en todas las

Mejorando el alcance y la respuesta a nuestros clientes

Nuestros clientes están en el centro de todo lo que hacemos y de nuestra misión de construir una utilidad más centrada en el cliente. Como parte de este compromiso, este trimestre hemos:

- Atendido más de **676,927 llamadas de clientes**, con un tiempo promedio de espera de **un minuto y diez segundos** en el primer trimestre
- Suscrito más de **6,874 acuerdos de pago** de clientes, y realizado **más de 255,298 llamadas de cobro**
- Atendido a más de **597,611 clientes** en persona en los 25 centros de atención al cliente, con un tiempo promedio de espera **inferior a 9 minutos** durante el primer trimestre
- Respondido **más de 100,560 mensajes en las redes sociales** y a **más de 84,020 correos electrónicos** durante el trimestre



Impulsando proyectos financiados con fondos federales

LUMA está impulsando proyectos financiados con fondos federales a un ritmo histórico. Como parte de este compromiso, este trimestre hemos:

- Presentado a FEMA un alcance de trabajo detallado para toda la isla de un proyecto de infraestructura de medición avanzada que requiere una obligación fondos de financiación **por un valor de \$877 millones**
- Presentado **67 alcances de trabajo detallados** a FEMA para realizar mejoras a través de los programas de Alumbrado Público de Distribución, Reconstrucción de Líneas de Distribución, Infraestructura de Medición Avanzada y Despeje de Vegetación en toda la isla
- **Recibido la obligación de fondos de FEMA para seis proyectos** de apoyo a los programas de Reconstrucción de Subestaciones, Alumbrado Público de Distribución y Reparación de Postes y Conductores de Distribución
- **Avanzado considerablemente en la construcción** de los programas de Mejora de los Sistemas Críticos de Manejo de la Energía y de Reparación de Postes y Conductores de Distribución

Reparando, restaurando y reconstruyendo la red eléctrica

LUMA ha logrado avances reales, significativos y duraderos hacia la construcción de un mejor sistema eléctrico para Puerto Rico. Como parte de este compromiso, este trimestre hemos:

- Sustituido más de **1,600 postes rotos y dañados**
- Reemplazado o reparado más de **15,000 luminarias** como parte de **18 proyectos de construcción** en los municipios de Aguadilla, Arecibo, Barceloneta, Caguas, Carolina, Cayey, Coamo, Corozal, Guayama, Guaynabo, Hatillo, Hormigueros, Mayagüez, Ponce, San Juan, Toa Alta, Utuado y Yabucoa
- Publicado una solicitud de propuestas (**RFP**) en **colaboración con FEMA para la reconstrucción de tres líneas de transmisión de 230 kV**
- **Acelerado la instalación de dispositivos de automatización de la distribución**; en el transcurso de un mes, LUMA instaló más de un tercio de todos los reconectores que se instalaron durante el año fiscal 2023
- Puesto en marcha un programa de descargadores de sobretensión, un programa de sustitución de **relés de distribución** y un **programa de mitigación del peligro que supone la fauna silvestre**



Impulsando la transformación energética sostenible

Nadie ha hecho más para acelerar la transformación de la energía limpia en Puerto Rico que LUMA. Como parte de este compromiso, este trimestre hemos:

- Activado la medición neta para **más de 12,700 sistemas de paneles solares en techos**, lo que representa **89 MW** de energía limpia y renovable añadida a la red
- **Completado las reparaciones de los equipos del sistema de microondas** y de un tramo de fibra de **11 millas con múltiples puntos** que se dañaron debido al paso del huracán Fiona
- Realizado **proyectos de sustitución de transformadores** en las subestaciones de Venezuela, Monacillos y Sabana Llana y proyectos de **reparación** en Sabana Llana, Manatí y Hato Rey
- Completado la **reconfiguración de la red** y los equipos auxiliares para apoyar el **cumplimiento de la ciberseguridad** en cuatro subestaciones
- Completado el análisis para apoyar la **aceleración y el desarrollo de planes de área de transmisión de 38 kV** para identificar y mitigar los riesgos potenciales relacionados con la confiabilidad del sistema, las sobrecargas térmicas y las violaciones de voltaje



LUMA Quarterly Report

For the First Quarter of Fiscal Year 2024

Ending September 30, 2023

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Leading the transformation for a cleaner, more reliable, more resilient, and brighter energy future

Across Puerto Rico, the nearly 4,500 men and women of LUMA continue to make real, significant and historic progress toward building a better electric system for our 1.5 million customers, including improvements to service reliability, grid resiliency, customer service, and renewable energy, with the goal of making lasting and positive impact on the communities we serve across the island.

LUMA continues working to modernize and transform Puerto Rico's extensive T&D infrastructure in order to provide seamless and efficient electric service to our customers. To achieve our mission of building a better energy future for Puerto Rico, LUMA is implementing comprehensive improvement programs strategically designed to address critical gaps in the system identified before the commencement of our operations in 2021. LUMA's initiatives aim to elevate not only the utility's operational excellence but also the quality and reliability of the services LUMA provides to customers on a daily basis. We made significant progress during the first quarter of FY2024 by replacing 1,600 poles and 15,000 streetlights to increase overall grid resiliency and improve service reliability for our customers.

With respect to our commitment to renewable energy, we have advanced the growth of renewable energy at a historic pace by initiating measures to enable the integration of renewable energy to the system and boost the growth of residential solar and clean energy, helping to reduce Puerto Rico's dependence on imported fuels. In this quarter alone, LUMA added 89 MW after activating net metering for over 12,700 rooftop solar panel systems. Furthermore, by interconnecting utility-scale solar and wind energy projects, LUMA is contributing to significantly increase the island's renewable energy supply.

LUMA also remains focused on providing the highest service to the communities we serve by ensuring prompt customer support through our customer service centers, which served 597,611 customers during the first quarter, with an average wait time of under nine minutes. LUMA is strengthening its commitment to education, healthcare, and infrastructure development by actively engaging with local organizations including the Boys and Girls Club of Puerto Rico and Hogar Abrazo de Amor.

This report further outlines LUMA's scope of actions, activities, and accomplishments for the 3-month period from July 1 to September 30, 2023. LUMA has remained steadfast in our commitment to operating efficiently, with fiscal prudence and responsibility. LUMA continued to operate within budget during Q1 of FY2024.

This report is submitted as a part of our commitment to transparency, and 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 Q1, we renewed our partnership with the Department of Education to provide workshops on electrical safety to students. To date, we have reached 18,000 students through this partnership.

System Rebuild and Resiliency

We are repairing critical grid assets and advancing federally funded capital projects. In Q1 FY2024, LUMA submitted 67 detailed scopes of work representing an estimated \$4.6 billion in funding obligations from FEMA for projects to improve and transform the electric grid.

Improving Customer Satisfaction

We continue to create new paths to listen to, support and respond to our customers. In Q1 we launched the Planned Upgrades web portal to enable customers to plan for service interruptions when LUMA is making upgrades to the system to improve reliability.

Operational Excellence

Our skilled workforce continues to grow through an expanded focus on specialized training. During Q1, 164 employees participated in LUMA College's accredited Utility Lineworker Apprenticeship Program.

Sustainable Energy Transformation

We continue to advance renewable energy at a historic pace. We have signed Interconnection Agreements with four large scale renewable energy projects representing 193 MW of generation for the island.



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



Key Facts: Progress for Puerto Rico during First Quarter of FY2024

Building a Better Energy Future for All LUMA Customers

ENHANCING RELIABILITY

Installed

30 SINGLE-PHASE
RECLOSER distribution
automation devices



EXPANDING RENEWABLES

Activated over

12,700 ROOFTOP
SOLAR PANEL SYSTEMS,
representing over **89 MW**



IMPROVING SAFETY

Completed more than

19,040 DIRECT
TRAINING HOURS



INCREASING RESILIENCY

Replaced more than

1,600
BROKEN AND DAMAGED
utility poles



BETTER CUSTOMER SERVICE

Answered over

676,927 CALLS
with an average wait time of one
minute and ten seconds



FEDERAL FUNDED PROJECTS

Submitted

67 DETAILED SCOPES
OF WORK, representing an
estimated **\$4.6 billion**





Prioritizing Safety and Training

There is nothing more important to us than the safety of our workers, contractors, and the public. As part of this commitment, this quarter we have:

- Provided LUMA employees with **19,040 training hours and enrolled 49 employees** in the **LUMA Upskill Program** scheduled for final assessments in September-October 2023, and program completion expected by November 2023
- Completed **40** Department of Transportation and **10** American National Standards Institute **vehicle compliance inspections**
- Implemented a **Contractor Safety Accountability Plan** for contractors focused on training for incident reporting, incident investigation, and observation expectations



Empowering Our Communities

LUMA is committed to partnering, educating, and investing in the future of our communities. As part of this commitment, this quarter:

- LUMA employees, together with our CEO, Juan Saca, collaborated with the Scuba Dogs Society to support the Playita Community in San Juan and **collected over 200 pounds of trash**
- The LUMA team made employee contributions to the **Puerto Rican Diabetes Association, the Boys and Girls Club of Puerto Rico, the Make-a-Wish Foundation, and the Hogar Abrazo de Amor**, a community center and shelter for young women and girls in Arecibo
- We completed **20 community events** and donated over **500 employee** hours, maintaining LUMA's commitment to be present in all communities

Improving Outreach and Response to Our Customers

Our customers are at the core of everything we do and our mission to build a more customer-centric utility. As part of this commitment, this quarter we have:

- Responded to over **676,927 customer calls** in the first quarter with an average wait time of **one minute and ten seconds**
- Enrolled customers in over **6,874 payment agreements** and completed **over 255,298 outbound collection calls**
- Served over **597,611 customers** in person across its 25 customer service centers with an average wait time of **under 9 minutes** during the first quarter
- Responded to **over 100,560 social media messages** and replied to **over 84,020 e-mails** during the quarter

Advancing Federally Funded Projects

LUMA is advancing federally funded projects at a historic rate. As part of this commitment, this quarter we have:

- Submitted an island-wide detailed scope of work (SOW) for an advanced metering infrastructure (AMI) project to FEMA for funding obligation **worth \$877 million**
- Submitted **67 detailed scopes of work** to FEMA to make improvements via the Distribution Streetlighting, Distribution Line Rebuild, AMI, and island-wide Vegetation Clearing programs
- **Received FEMA obligation for six projects** supporting the Substation Rebuild, Distribution Streetlighting, and Distribution Pole and Conductor Repair programs
- **Significant construction progress** was made in Critical Energy Management System Upgrades and Distribution Pole and Conductor Repair programs

Repairing, Restoring & Rebuilding the Electric Grid

LUMA has made real, significant, and lasting progress toward building a better electric system for Puerto Rico. As part of this commitment, this quarter we have:

- Replaced more than **1,600 broken and damaged utility poles**
- Replaced or repaired more than **15,000 streetlights** as part of **18 construction projects** impacting the municipalities of Aguadilla, Arecibo, Barceloneta, Caguas, Carolina, Cayey, Coamo, Corozal, Guayama, Guaynabo, Hatillo, Hormigueros, Mayagüez, Ponce, San Juan, Toa Alta, Utuado, and Yabucoa
- In partnership with FEMA, a request for proposal (**RFP**) **has been issued for the rebuild of three 230 kV transmission lines**
- **Accelerated the installation of distribution automation devices**; over the course of one month, LUMA installed more than a third of all the reclosers installed during FY2023
- Kicked off a surge arrestor program, a distribution **relay replacement program**, and a **wildlife hazard mitigation program**



Empowering the Sustainable Energy Transformation

No one has done more to accelerate the clean energy transformation in Puerto Rico than LUMA. As part of this commitment, this quarter we have:

- Activated **net metering for over 12,700 solar panel systems** on rooftops representing **89 MW of clean, renewable energy** added to the grid
- **Completed repairs on Fiona-damaged microwave system equipment** and an **11-mile stretch of fiber** with multiple damage points
- **Conducted transformer replacement** projects in the Venezuela, Monacillos, and Sabana Llana substations and conducted **repair** projects in Sabana Llana, Manati, and Hato Rey
- Completed the **reconfiguration of network** and auxiliary equipment to support **cyber security compliance** at four substations
- Completed analysis to support the acceleration and **development of 38 kV transmission area plans** to identify and mitigate potential reliability risks, thermal overloads, and voltage violations

Q1 FY2024 Financial Performance

As of September 30, 2023, LUMA has come in under budget for the rate-funded component of LUMA's budgets in the first quarter of Fiscal Year 2024 (FY2024), spending 21% of its annual operational and non-federally funded capital budgets.

Summary of Q1 FY2024 Spending (\$ millions)

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Transmission & Distribution					
Operating Expenditures ²	\$ 560.3	\$ 134.7	\$ 107.9	\$ 26.8	
Non-Federally Funded Capital Expenditures ²	\$ 91.1	\$ 19.9	\$ 26.8	\$ (6.8)	
Energy Efficiency Programs ²	\$ 11.5	\$ -	\$ -	\$ -	
Subtotal²	\$ 662.9	\$ 154.6	\$ 134.7	\$ 20.0	13%
Federally Funded Capital Expenditures	\$ 802.6	\$ 141.3	\$ 163.2	\$ (21.9)	(16%)

¹ FY2024 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

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

	FY2024 Forecast	Q1 Forecast	Q1 Actuals	Variance
Total Consumption (GWh)	15,466	4,177	4,736	559
Base Revenue (\$ millions) ¹	\$ 1,112	\$ 294	\$ 315	21

¹ Base Revenue does not include revenue collected for Fuel Adjustment, Purchased Power, Contribution in Lieu of Taxes, and Subsidies.

Transmission & Distribution Operating Expenditures (\$ millions)

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor					
Salaries, Wages and Benefits	254.2	59.9	49.9	10.0	
Total Labor	\$ 254.2	\$ 59.9	\$ 49.9	\$ 10.0	17%
Non-Labor					
Materials & Supplies	40.7	9.5	6.1	3.4	
Transportation, Per Diem, and Mileage	15.3	3.2	(0.8)	4.0	
Property & Casualty Insurance	19.5	4.8	4.7	0.1	
Security	6.2	1.6	1.7	(0.1)	
IT Service Agreements	28.1	7.2	6.0	1.2	
Utilities & Rents	6.9	1.7	3.6	(1.9)	
Legal Services	10.0	2.5	2.0	0.5	
Communications Expenses	1.5	0.4	-	0.4	
Professional & Technical Outsourced Services	102.3	24.9	18.2	6.7	
Vegetation Management	50.0	12.5	14.4	(1.9)	
Other Miscellaneous Expenses	14.6	3.8	2.1	1.7	
Total Non-Labor / Other Operating Expense	\$ 295.1	\$ 72.1	\$ 58.0	\$ 14.1	20%
Subtotal	\$ 549.3	\$ 132.0	\$ 107.9	\$ 24.1	18%
2% Reserve for Excess Expenditures	11.0	2.7	-	2.7	
Total Operating Expenditures	\$ 560.3	\$ 134.7	\$ 107.9	\$ 26.8	20%

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 implementing appropriate communication protocols and standard billing and collection practices, LUMA has served customers with courtesy, captured efficiencies, and created proactive solutions.

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor					
Salaries, Wages and Benefits	51.1	12.7	10.6	2.1	
Total Labor	\$ 51.1	\$ 12.7	\$ 10.6	\$ 2.1	17%
Non-Labor					
Materials & Supplies	0.3	0.1	0.1	-	
Transportation, Per Diem, and Mileage	0.7	0.2	0.1	0.1	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	0.2	-	-	-	
Utilities & Rents	0.1	-	-	-	
Legal Services	0.1	-	-	-	
Communications Expenses	0.2	0.1	-	0.1	
Professional & Technical Outsourced Services	35.1	8.8	8.8	-	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	-	-	0.1	(0.1)	
Total Non-Labor / Other Operating Expense	\$ 36.7	\$ 9.2	\$ 9.1	\$ 0.1	1%
Total Operating Expense	\$ 87.8	\$ 21.9	\$ 19.7	\$ 2.2	10%

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2024:



- Generated over 60,000 outbound calls resulting in the enrollment of 6,874 customers in payment agreements
- Answered 676,927 calls in less than one minute and ten seconds and responded to 84,927 customer's e-mails
- Served 597,611 customers in customer service centers with an average wait time of under nine minutes
- Activated net energy metering for 12,700 rooftop solar panel system connections representing 89 MW and achieved a significant increase in net energy metering applications processing capability
- Continued the electrical safety program training for the new school year, August 2023, to all public school fifth-grade students in Puerto Rico
- Completed 20 community events with over 500 employee hours donated, maintaining LUMA's commitment to be present in all communities and further develop and operationalize the Community Relations and Engagement Plan
- Finished the new net metering portal and entered the pilot phase that will allow LUMA to test the portal under real-life circumstances
- Finalized aggregation agreements for the Customer Battery Energy Sharing program and prepared for program launch
- Executed contracts with electric vehicle time-of-use telematics vendor and energy efficiency implementation contractor and began preparations for program launch
- Completed global settlement of \$50 million on the Puerto Rico Electric Power Authority (PREPA) legacy debt and reduced to 82 days the government days sales outstanding, the lowest since LUMA's commencement
- As previously reported on June 6, 2023, LUMA has the capability to allow for customer service representatives to respond to non-emergency calls during emergencies

The primary driver for the \$2.2 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)

The Operations Department oversees and manages the day-to-day work on the Transmission and Distribution (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.

¹ Figures may not add due to rounding.

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor					
Salaries, Wages and Benefits	136.0	31.2	20.1	11.1	
Total Labor	\$ 136.0	\$ 31.2	\$ 20.1	\$ 11.1	36%
Non-Labor					
Materials & Supplies	37.3	8.7	5.2	3.5	
Transportation, Per Diem, and Mileage	10.8	2.0	(3.3)	5.3	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	2.6	0.8	0.1	0.7	
Utilities & Rents	2.0	0.5	1.0	(0.5)	
Legal Services	-	-	-	-	
Communications Expenses	0.2	-	-	-	
Professional & Technical Outsourced Services	19.2	4.2	1.1	3.1	
Vegetation Management	50.0	12.5	14.4	(1.9)	
Other Miscellaneous Expenses	6.1	1.7	0.4	1.3	
Total Non-Labor / Other Operating Expense	\$ 128.2	\$ 30.4	\$ 18.9	\$ 11.5	38%
Total Operating Expense	\$ 264.2	\$ 61.6	\$ 39.0	\$ 22.6	37%

Key activities accomplished during Q1 FY2024:

- Replaced 8,384 meters and repaired another 5,047; completed 86,619 service orders
- Cleared vegetation from lines accounting for 310 miles (trimmed 224 miles of distribution lines and cleared 86 miles of transmission lines) and added 463 full-time-equivalent employees for a total of 142 crews with operating expenditures funds
- Successfully interconnected an additional 250 MW of FEMA emergency generation at the San Juan Generation Plan, including the installation of a 300 MVA transformer
- Installed a new 38 kV breaker at substation 1030 Villa Prades, which was out of service for a year
- Replaced insulation and hardware of 196 transmission lines of high voltage (115 kV); repaired, lubricated, or replaced switches of one 230 kV, thirty-two 115 kV, and forty-seven 38 kV transmission lines; and replaced transmission structures of one 115 kV and two 38 kV transmission lines
- Dispatched materials worth \$24 million in support of operations and capital activities
- Developed a framework for work order packages to address voltage complaints and accelerate streetlight repairs and rebuilds in nine municipalities
- Completed updated maintenance on hospital feeders in preparation for peak months of hurricane season
- Provided employees with 19,040 training hours, with 49 employees in the LUMA Upskill Program (program completion is expected by November 2023); moreover, all 31 employees passed the pre-apprentice course
- Completed meter retraining visits in all 17 districts and verified 23 metering systems at 38 kV lines

The primary drivers for the \$22.6 million favorable year-to-date variance for Operations operating expenditures were lower than budgeted salaries, wages, benefits, materials and supplies, transportation, per diem, and mileage expenses. This is related to improved efficiency and effectiveness of outage restoration and response field activities. Vegetation

management expenses were higher than budget, mainly due to an increase in FTEs and the use of heavy forestry equipment. This resulted in the clearing of 224 miles of distribution lines and 86 miles of transmission lines in the quarter.

LUMA Electrical Utility Field Workers

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

Electrical Utility Field Worker Type	Electrical Utility Field Worker as of September 30, 2023 ³
Utility Electrician	111
Utility Lineworker 1	0
Utility Lineworker 2 ²	49
Apprentice URD Technician	17
URD Technician	8
Apprentice Substation Technician ²	33
Substation Technician ¹	81
Senior Substation Technician ¹	9
Meter Technicians	26
Low-Voltage Technician	117
Foreman ¹	94
Foreman - Low Voltage	37
Apprentice Lineworker, 1st Period	33
Apprentice Lineworker, 2nd Period	55
Apprentice Lineworker, 3rd Period	18
Apprentice Lineworker, 4th Period ²	37
Apprentice Lineworker, 5th Period ²	34
Journeyman Lineworker ¹	391
Total	1150

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 1,150 full-time equivalent electrical utility field workers employed as of September 30, 2023, compared to a budgeted amount of 1,217. Although there is a slight variance, we expect to achieve the electrical utility fieldworker's budgeted headcount during the fiscal year with the ongoing hiring efforts. The Recruitment division has established a hiring strategy and is recruiting through multiple employment agencies in Puerto Rico and the United States to engage skilled professionals with expertise and knowledge across various areas of the company. Furthermore, we are gearing up for job fairs at various colleges in the upcoming months and simultaneously organizing an internal job fair to fully support overall operations.

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

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor					
Salaries, Wages and Benefits	13.8	3.4	5.3	(1.9)	
Total Labor	\$ 13.8	\$ 3.4	\$ 5.3	\$ (1.9)	(56%)
Non-Labor					
Materials & Supplies	0.5	0.2	0.2	-	
Transportation, Per Diem, and Mileage	2.4	0.6	1.9	(1.3)	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	0.4	0.1	-	0.1	
Utilities & Rents	0.3	0.1	1.1	(1.0)	
Legal Services	-	-	-	-	
Communications Expenses	-	-	-	-	
Professional & Technical Outsourced Services	1.6	0.4	0.1	0.3	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	0.5	0.1	(0.1)	0.2	
Total Non-Labor / Other Operating Expense	\$ 5.7	\$ 1.5	\$ 3.2	\$ (1.7)	(113%)
Total Operating Expense	\$ 19.5	\$ 4.9	\$ 8.5	\$ (3.6)	(73%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2024:

- Located and digitized over 4,000 missing service points/meters to improve the accuracy of the system operating and connectivity model
- Processed more than 164 third-party pole attachment requests for telecommunication equipment (for a total of more than 7,827 attachments) to ensure compliance with the codes and standards of the National Electrical Safety Code
- Performed outage investigation analysis and support for major and intermediate outages, including contingency planning and equipment-sparing
- Reviewed long-range maintenance program for different asset portfolios to identify future resource needs and plans to help drive phased implementation and execution
- Developed dashboards for improved visibility of asset deficiencies (such as overheating equipment and components) to further support the coordination, execution, and tracking of their corresponding remediation activities
- Investigated asset tagging, secondary line mapping, and underground mapping as potential projects to support the ongoing improvements to system models and visibility

The primary driver for the \$3.6 million unfavorable year-to-date variance for Utility Transformation operating expenditures was a higher percentage of labor resources being utilized for operations and maintenance activities than planned.

Support Services Operating Expenditures (\$ in millions)

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 in meeting its mission and achieving its key goals.

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor					
Salaries, Wages and Benefits	53.3	12.6	13.9	(1.3)	
Total Labor	\$ 53.3	\$ 12.6	\$ 13.9	\$ (1.3)	(10%)
Non-Labor					
Materials & Supplies	2.6	0.5	0.6	(0.1)	
Transportation, Per Diem, and Mileage	1.4	0.4	0.5	(0.1)	
Property & Casualty Insurance	19.5	4.8	4.7	0.1	
Security	6.2	1.6	1.7	(0.1)	
IT Service Agreements	24.9	6.3	5.9	0.4	
Utilities & Rents	4.5	1.1	1.5	(0.4)	
Legal Services	9.9	2.5	2.0	0.5	
Communications Expenses	1.1	0.3	-	0.3	
Professional & Technical Outsourced Services	46.4	11.5	8.2	3.3	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	8.0	2.0	1.7	0.3	
Total Non-Labor / Other Operating Expense	\$ 124.5	\$ 31.0	\$ 26.8	\$ 4.2	14%
Total Operating Expense	\$ 177.8	\$ 43.6	\$ 40.7	\$ 2.9	7%

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2024:

- Launched the Electric Vehicle (EV) website that provides customers information regarding what an EV is, the levels or chargers, the benefits to the environment and to the EV owner, available rates, and where to locate charging stations
- Completed installation of closed-circuit television and card readers for Aguadilla and Isabela commercial offices and Arecibo technical building
- Optimized employee performance and talent tools that include performance improvement plans, continuous education, professional licenses, and memberships employee requests
- Executed a Collective Bargaining Agreement (CBA) with the International Brotherhood of Electrical Workers union Local 787, and provided leadership training to employees on the CBA
- Upgraded the Outage Management System, which fixed software issues and added additional functionality
- Implemented financial management systems and started asset data collection for new asset management and preventative maintenance systems
- Implemented a Contractor Safety Accountability Plan for contractors focused on training for incident reporting, incident investigation, and observation expectations
- Processed over 5,000 payments to customers associated with the net metering of installed rooftop solar panels
- Developed and signed the standardized Large Generator Interconnection Agreement (LGIA) for new capacity additions for four large-scale renewable energy projects that will represent 193 MW of generation for the island

The primary driver for the \$2.9 million favorable year-to-date variance for Support Services operating expenditures is lower than budgeted professional and technical services expenses related to procurement activities. However, it is a timing issue as we expect to ramp up during Q2 and Q3.

FY2024 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 prior to LUMA. 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 address the significant gaps identified before 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 FY2024 budget and is included in the 2023 Fiscal Plan approved by the Financial Oversight & Management Board for Puerto Rico in June 2023.

Improvement Portfolio Summary (\$ millions)

Portfolio	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Customer Experience	150.9	40.8	42.8	(2.0)	(5%)
Distribution	242.8	56.3	87.1	(30.8)	(55%)
Transmission	131.3	11.2	17.5	(6.2)	(55%)
Substation	131.9	31.2	28.8	2.5	8%
Control Center & Buildings	43.2	9.8	4.5	5.4	54%
Enabling	266.0	30.3	31.2	(0.9)	(3%)
Support Services	21.7	6.3	3.2	3.1	49%
Total	\$ 987.8	\$ 186.0	\$ 215.1	\$ (29.0)	(16%)

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 scopes of work 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.

Capital Expenditures by Funding

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

Improvement Portfolio	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Customer Experience	121.9	33.9	37.2	(3.3)	
Distribution	215.9	50.6	75.3	(24.7)	
Transmission	130.4	11.1	17.4	(6.3)	
Substations	114.6	27.3	24.7	2.7	
Control Center & Buildings	38.7	8.8	3.2	5.7	
Enabling	157.2	5.1	5.5	(0.4)	
Support Services	8.2	1.6	0.0	1.6	
Subtotal	\$ 786.9	\$ 138.5	\$ 163.2	\$ (24.7)	(18%)
Other					
2% Reserve for Excess Expe	15.7	2.8	-	2.8	
Total Capital Expenditures	\$ 802.6	\$ 141.3	\$ 163.2	\$ (21.9)	(16%)

¹ Figures may not add due to rounding.

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

Improvement Portfolio	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Customer Experience	12.0	2.6	3.0	(0.4)	
Distribution	26.9	5.7	11.8	(6.1)	
Transmission	0.6	0.2	0.0	0.1	
Substations	16.1	3.9	4.1	(0.2)	
Control Center & Buildings	3.7	0.8	1.0	(0.3)	
Enabling	23.5	3.8	5.2	(1.4)	
Support Services	6.5	2.6	1.5	1.1	
Subtotal	\$ 89.3	\$ 19.6	\$ 26.8	\$ (7.2)	(37%)
Other					
2% Reserve for Excess Expe	1.8	0.4	-	0.4	
Total Capital Expenditures	\$ 91.1	\$ 19.9	\$ 26.8	\$ (6.8)	(34%)

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.

Customer Experience Improvement Portfolio Summary (\$ millions)

The **Customer Experience Improvement Portfolio** focuses on enhancing the customer experience, including Distribution Streetlighting, Billing Accuracy and Back Office, Advanced Metering Infrastructure (AMI) Implementation, and Distribution Meter Replacement & Maintenance programs.

Program	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Distribution Streetlighting	\$ 119.9	\$ 33.4	\$ 36.8	\$ (3.4)	
Federally Funded	119.9	33.4	36.8		
Non-Federally Funded	-	-	0.0		
OpEx	-	-	-		
SRP	45.6	12.7	14.0		
Billing Accuracy & Back Office	\$ 13.9	\$ 3.9	\$ 2.8	\$ 1.1	
Federally Funded	-	-	-		
Non-Federally Funded	0.7	0.5	0.4		
OpEx	13.2	3.4	2.4		
SRP	12.2	3.2	2.4		
Distribution Meter Replacement & Maintenance	\$ 8.5	\$ 1.6	\$ 2.7	\$ (1.1)	
Federally Funded	-	-	0.0		
Non-Federally Funded	8.3	1.5	2.6		
OpEx	0.2	0.0	0.1		
SRP	-	-	-		
AMI Implementation Program	\$ 3.4	\$ 0.6	\$ 0.4	\$ 0.2	
Federally Funded	1.9	0.5	0.4		
Non-Federally Funded	1.5	0.1	-		
OpEx	-	-	-		
SRP	-	-	-		
Programs <5% of Portfolio Total	\$ 5.1	\$ 1.3	\$ 0.2	\$ 1.1	
Federally Funded	-	-	-		
Non-Federally Funded	1.4	0.4	0.0		
OpEx	3.7	0.9	0.2		
SRP	-	-	-		
Total	\$ 150.9	\$ 40.8	\$ 42.8	\$ (2.0)	(5%)

¹ Figures may not add due to rounding.

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q1 FY2024 activities included submitting 14 initial scopes of work and 10 detailed scopes of work to FEMA, receiving FEMA funding obligation for one streetlight project in Caguas, completing more than 90,000 assessments, completing over 15,000 luminaire replacements, and replacing over 200 poles. The total spend in Q1 FY2024 was higher than the budget due to the execution of an additional 40,000 assessments and 400 luminaire replacements that were not included in the FY2024 budget. At this time, there is no expected variance in achieving program milestones.

The **Billing Accuracy and Back Office** program includes updates to printing, delivery of bills, and back-office systems to improve the invoices' accuracy and their issuing timeliness to customers. Key Q1 FY2024 activities included resolving more than 1.5 million exceptions for meter reads in errors as a result of the Meter Lifecycle sub-team in Customer Care & Billing System optimization, deploying a new billing exception and configuration logic to evaluate customer billed amounts that exceed a dollar amount threshold and require manual review, as needed, deploying identification of critical facilities required for the implementation of severance related activities and in support of system analysis regarding a major event, completing development and testing for the automation of the activities in Oracle Customer Care & Billing System and finalizing extensive testing of estimation algorithm with the vendor to address issues before deployment to production. The total spend for this quarter was lower than expected due to the additional planned initiatives needing approval from the Federal Oversight & Management Board for Puerto Rico before commencing work and incurring associated costs. The contract amendment was recently completed at the end of October 2023, and the initiatives will begin promptly. Delays in contract approval are creating challenges to complete the remaining efforts by the end of FY2024. We are working to

achieve the goal, but we anticipate that due to the delays, we may have some activities that will need to be completed in FY2025.

The **Distribution Meter Replacement and Maintenance** program deals with correcting, replacing, and maintaining distribution meters. Key Q1 FY2024 activities included installing 8,170 net metering meters, 3,714 new meters, and replacing 4,830 damaged meters, continuing the procurement process for the cellular module meters to address monthly readings on Industrial and Commercial customers, beginning the New Substation Communication Equipment parts procurement process to maintain the two-way automatic communication legacy system for 1.5M meters, and installing 378 Substation Communication Equipment G2/Multiple Input Receiver Assembly cards which adds up to 95% of installations completed. The variance in this project is due to the increase in net metering case requests on the island. This is due to the incentives offered by the government to the working class, plus the incentives of the Community Development Block Grant funds. The start of the implementation of specialized locks at the customer's metering points milestone has been delayed to the second half of FY2024 due to a delay in the delivery of the specialized locks. At this time, we anticipate the achievement of the start of improvements of the MV90 Program by the end of the first half of FY2024 as scheduled, but the installation will commence in the second half of FY2024 due to delays in the procurement process.

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 installing approximately 1.5 million smart meters, building a digital communications network, and integrating a head end and meter data management system. Key Q1 FY2024 activities included submitting the detailed scope of work to FEMA and releasing requests for proposals for meters and installation services. Total spend in Q1 FY2024 was lower than budget due to a slower ramp-up in spending than was contemplated in the FY2024 budget. At this time, there is no expected variance in achieving program milestones.

Distribution Improvement Portfolio Summary (\$ millions)

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

Program	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Distribution Automation	\$ 84.4	\$ 16.6	\$ 15.8	\$ 0.8	
Federally Funded	80.7	15.7	14.0		
Non-Federally Funded	3.7	0.9	1.8		
OpEx	-	-	-		
SRP	-	-	-		
Distribution Line Rebuild	\$ 82.2	\$ 20.8	\$ 20.2	\$ 0.6	
Federally Funded	65.0	17.5	16.9		
Non-Federally Funded	17.2	3.3	3.3		
OpEx	-	-	(0.0)		
SRP	58.3	14.6	14.3		
Distribution Pole & Conductor Repair	\$ 73.7	\$ 18.3	\$ 49.1	\$ (30.9)	
Federally Funded	67.7	16.8	42.3		
Non-Federally Funded	6.0	1.5	6.8		
OpEx	-	-	-		
SRP	73.7	18.3	49.1		
Programs <5% of Portfolio Total	\$ 2.5	\$ 0.6	\$ 2.0	\$ (1.4)	
Federally Funded	2.5	0.6	2.0		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	2.5	0.6	2.0		
Total	\$ 242.8	\$ 56.3	\$ 87.1	\$ (30.8)	(55%)

¹ Figures may not add due to rounding.

The **Distribution Automation** program focuses on the deployment of equipment for distribution automation. This includes the installation of intelligent switch fuses, fault indicators, and reclosers on select feeders to reduce the number of customer interruptions per outage occurrence. The program includes engineering activities to enable the deployment of the equipment mentioned above. Key Q1 FY2024 activities included 73 substation verifications and load data gathering for 129 feeders. In addition, protection settings were completed for 126 feeders and 10 substation feeders, and 30 single-phase reclosers and 25 three-phase reclosers were installed. Since the delivery of the required equipment and over the course of one month, LUMA installed more than a third of all the reclosers installed during the last fiscal year. The total spend in Q1 FY2024 was lower than the budget due to the complexities of the federal procurement process. Materials were not received as planned, impacting spending on material and construction costs. At this time, there is no expected variance in achieving program milestones.

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines to improve reliability and resiliency, restores out-of-service circuits, completes unfinished circuit construction presently abandoned, performs circuit voltage conversions to improve distribution capacity, builds new distribution line extensions to connect new customers, and installs underground cable or tree wiring to improve service reliability and resiliency to critical customers. Key Q1 FY2024 activities included submitting 18 detailed scopes of work to FEMA for projects representing 98 feeders. The total spend in Q1 FY2024 was lower than the budget due to the timing of several projects. At this time, there is no expected variance in achieving program milestones.

The **Distribution Pole and Conductor Repair** program focuses on minimizing the safety hazard caused by damaged distribution poles and conductors and improving the distribution infrastructure's reliability and resilience. Major repairs and replacements are based on the results of engineering assessments. Operations replace emergent poles to address safety concerns. Key Q1 FY2024 activities included submitting six initial scopes of work and four detailed scopes of work totaling 903 poles for FEMA obligation and completing more than 1,400 pole installations and 400 repairs. The total spend in Q1 FY2024 was higher than the budget due to acceleration during the quarter of distribution pole assessments, conductor replacements, and repairs at the distribution level. At this time, there is no expected variance in achieving program milestones.

Transmission Improvement Portfolio Summary (\$ millions)

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	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Transmission Line Rebuild	\$ 77.9	\$ 3.7	\$ 10.0	\$ (6.2)	
Federally Funded	77.3	3.6	10.0		
Non-Federally Funded	0.6	0.2	0.0		
OpEx	-	-	-		
SRP	34.8	3.3	4.5		
IT OT Telecom Systems & Network	\$ 30.3	\$ 2.2	\$ 1.2	\$ 1.0	
Federally Funded	30.0	2.2	1.2		
Non-Federally Funded	-	-	-		
OpEx	0.3	0.0	0.1		
SRP	30.3	2.2	1.2		
Transmission Priority Pole Replacements	\$ 21.8	\$ 5.0	\$ 5.9	\$ (1.0)	
Federally Funded	21.8	5.0	5.9		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	21.8	5.0	5.9		
Programs <5% of Portfolio Total	\$ 1.3	\$ 0.3	\$ 0.3	\$ 0.0	
Federally Funded	1.3	0.3	0.3		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	1.3	0.3	0.3		
Total	\$ 131.3	\$ 11.2	\$ 17.5	\$ (6.2)	(55%)

¹ Figures may not add due to rounding.

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading the 230 kV, 115 kV, and 38 kV transmission infrastructure. Key Q1 FY2024 activities included submitting four detailed scopes of work to FEMA and commencing fast-track repairs on transmission line 36100, providing access improvements to start structure replacements and construction. The total spend in Q1 FY2024 was higher than the budget due to line 36100, planned to be completed within the Transmission Priority Pole Replacement program, which is now being conducted under the Transmission Line Rebuild program. At this time, there is no expected variance in achieving program milestones.

The **IT OT Telecom Systems & Network** program includes investments to improve the systems that carry transmission and distribution and substation IT and OT data. Key Q1 FY2024 activities included submitting two detailed scopes of work to FEMA for network transport and microwave upgrade. LUMA also completed repairs on all Fiona-damaged microwave system equipment and an 11-mile fiber stretch with multiple damage points. The total spend in Q1 FY2024 was lower than the budget due to the complexities of the federal procurement process, as we did not receive services and materials as expected. At this time, there is no expected variance in achieving program milestones.

The **Transmission Priority Pole Replacement** program includes activities to replace damaged overhead transmission poles, towers, and associated hardware and conductors. Key Q1 FY2024 activities included submitting seven initial scopes of work to FEMA. The total spend in Q1 FY2024 was higher than budgeted mainly due to acceleration in pole assessments, replacements and repairs, and vegetation clearing. The variance was partially offset by reclassification of the reconstruction of 115 kV transmission line 36100. Work on this line was originally included in this program but is now being completed under the Transmission Line Rebuild program. At this time, there is no expected variance in achieving program milestones.

Substations Improvement Portfolio Summary (\$ millions)

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	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Substation Rebuilds	\$ 81.9	\$ 18.4	\$ 14.8	\$ 3.6	
Federally Funded	80.0	17.9	14.4		
Non-Federally Funded	1.9	0.5	0.4		
OpEx	-	-	-		
SRP	57.9	12.1	10.5		
Substation Reliability	\$ 34.5	\$ 8.3	\$ 11.6	\$ (3.3)	
Federally Funded	21.0	4.9	8.0		
Non-Federally Funded	13.5	3.4	3.6		
OpEx	-	-	0.0		
SRP	-	-	-		
Substation Security	\$ 15.3	\$ 4.6	\$ 2.2	\$ 2.4	
Federally Funded	13.7	4.6	2.2		
Non-Federally Funded	0.5	0.1	0.0		
OpEx	1.1	-	(0.0)		
SRP	13.5	4.1	1.9		
Programs <5% of Portfolio Total	\$ 0.3	\$ -	\$ 0.2	\$ (0.2)	
Federally Funded	-	-	-		
Non-Federally Funded	0.3	-	0.2		
OpEx	-	-	-		
SRP	-	-	-		
Total	\$ 131.9	\$ 31.2	\$ 28.8	\$ 2.5	8%

¹ Figures may not add due to rounding.

The **Substation Rebuild** program focuses on improving transmission and distribution substations to strengthen the electric grid. Key Q1 FY2024 activities included submitting detailed scopes of work to FEMA for one substation rebuild project and one minor repair projects group. LUMA also conducted transformer replacement projects in the Venezuela, Monacillos, and Sabana Llana wards and completed minor repair projects in Sabana Llana, Manatí, and Hato Rey. The total spend in Q1 FY2024 was lower than the budget due to delays in receiving long-lead materials. At this time, there is no expected variance in achieving program milestones.

The **Substation Reliability** program covers upgrading and reinforcing the existing and aging system infrastructure to improve system reliability. During Q1 FY2024, LUMA submitted two detailed scopes of work to FEMA for oil circuit breaker replacements and completed one circuit breaker at Añasco. Also, a surge arrestor program, a distribution relay replacement program, and a wildlife mitigation program were all kicked off in the first quarter of FY2024. The total spend in Q1 FY2024 was higher than the budget due to increased substation repairs.

The **Substation Security** program focuses on various physical security concerns at transmission and distribution substations. The program will replace and add new security technology and hardware to deter, detect, and delay physical security incidents. Key Q1 FY2024 activities included FEMA's approval of the Group 1 Physical Security project worksheet for five substations. The contractor started the construction of Manatí and Sabana Llana Transmission Center fences. A closed-circuit television site survey was conducted for five substations in Group 1 and five in Group B minor repairs substations. LUMA also completed the reconfiguration of the network and auxiliary equipment at four substations to migrate to cyber security compliance closed-circuit television servers. The total spend in Q1 FY2024 is lower than expected due to construction company workforce shortfalls and the lack of personnel with certifications in distribution and transmission switching power systems, as defined and required by LUMA, to provide continuous safe work access to contractors at substations. The work in these substations will be delayed until FY2025. At this time, there is no expected variance in achieving program milestones.

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

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 the Critical Energy Management System Upgrades, Facilities Development & Implementation, and Control Center Construction & Refurbishment programs.

Program	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Facilities Development & Implementation	\$ 19.6	\$ 4.9	\$ 1.5	\$ 3.4	
Federally Funded	15.6	3.9	0.5		
Non-Federally Funded	3.2	0.8	1.0		
OpEx	0.8	0.2	0.1		
SRP	19.5	4.9	1.5		
Critical Energy Management System Upgrades	\$ 15.2	\$ 3.9	\$ 2.1	\$ 1.8	
Federally Funded	15.2	3.9	1.9		
Non-Federally Funded	-	-	0.0		
OpEx	-	-	0.2		
SRP	15.2	3.9	2.1		
Control Center Construction & Refurbishment	\$ 7.9	\$ 1.0	\$ 0.8	\$ 0.2	
Federally Funded	7.9	1.0	0.8		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	6.3	0.8	0.6		
Programs <5% of Portfolio Total	\$ 0.5	\$ -	\$ 0.1	\$ (0.1)	
Federally Funded	-	-	-		
Non-Federally Funded	0.5	-	0.1		
OpEx	-	-	-		
SRP	-	-	-		
Total	\$ 43.2	\$ 9.8	\$ 4.5	\$ 5.4	54%

¹ Figures may not add due to rounding.

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q1 FY2024 activities included submitting scopes of work for a request for proposal on Federal Project Management Services for workforce augmentation, submitting scope of work for a request for proposal for additional Architecture & Engineering (A&E) services, achieving 20% design complete for Palo Seco Rebuild project, renovating workspaces on three floors at the Santurce complex, decommissioning 160 tons of damaged furniture and installing 200 space sensors to review space utilization. The total spend for the quarter was less than expected due to delays in executing the third A&E services contract. Adding additional contracts for A&E firms and augmenting the LUMA workforce with experienced Project Management will realign the project timelines.

The **Critical Energy Management System Upgrades** program will replace obsolete and unsupported energy management system and add relevant technology to operate the electric system safely and reliably. Key Q1 FY2024 activities included the Energy Management Software project kickoff, an initial workshop for communications, data formatting, databases, displays, and distributed energy resources management system, and planning for the on-site workshops. The total spend is less than expected due to delays in contract negotiations. At this time, there is no expected variance in achieving program milestones.

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 Q1 FY2024 activities included responding to FEMA questions on detailed scopes of work for the primary control center (PCC), submitting the PCC soil boring plan to FEMA for review, starting the construction document phase of PCC, and meeting with the landowner to consider acquisition options for the secondary control center. The total spend is less than expected due to the timing of the invoicing process from the A&E vendor. At this time, the timeline is being analyzed based on procurement process modifications and the impact of relocation of operations to start remediation and demolition.

Enabling Improvement Portfolio Summary (\$ millions)

The **Enabling Improvement Portfolio** of investment projects focuses on safety and operational excellence through Vegetation Management, Compliance and Studies, and T&D Fleet programs.

Program	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Vegetation Management and Capital Clearing Implementation²	\$ 179.8	\$ 13.7	\$ 14.4	\$ (0.7)	
Federally Funded	125.0	-	-		
Non-Federally Funded	-	-	-		
OpEx	54.8	13.7	14.4		
SRP	179.8	13.7	14.4		
T&D Fleet	\$ 28.8	\$ 4.8	\$ 7.8	\$ (3.0)	
Federally Funded	1.6	-	-		
Non-Federally Funded	8.0	-	2.2		
OpEx	19.2	4.8	5.6		
SRP	28.8	4.8	7.8		
Compliance & Studies	\$ 20.3	\$ 5.1	\$ 5.9	\$ (0.8)	
Federally Funded	18.0	4.5	5.0		
Non-Federally Funded	2.3	0.6	0.9		
OpEx	-	-	0.1		
SRP	19.6	4.9	5.7		
Programs <5% of Portfolio Total	\$ 37.1	\$ 6.7	\$ 3.1	\$ 3.7	
Federally Funded	12.6	0.6	0.5		
Non-Federally Funded	13.2	3.2	2.2		
OpEx	11.2	2.9	0.4		
SRP	19.0	4.8	2.2		
Total	\$ 266.0	\$ 30.3	\$ 31.2	\$ (0.9)	(3%)

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 and Capital Clearing Implementation** 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 cleared rights of way to standard widths. Key Q1 FY2024 activities included completing 224 miles of distribution clearing and 86 miles of transmission clearing (310 miles total) utilizing operating expenditures funds, completing 23 miles of distribution clearing and nine miles of transmission clearing (32 miles total) utilizing federal funds, and submitting first detailed scope of work to FEMA for the obligation of funds for the execution of the island-wide capital vegetation remediation. The total spend was higher than anticipated due to an increase in FTEs and the use of heavy forestry equipment. In late August and early September, Vegetation Operations added 70 FTEs to help increase maintenance trimming production. The first detailed scope of work has been submitted to FEMA, completing the first milestone of FY2024. At this time, there is no expected variance in achieving program milestones.

Voltage	FY2024 Q1 Miles Cleared			FY2024 Q1 Acres ¹ Cleared		
	Federally Funded	OpEx	Total Miles	Federally Funded	OpEx	Total Acres
Distribution	23	224	247	33	326	359
38 kV	1	38	39	2	115	117
115 kV	0	15	15	2	182	184
230 kV	8	33	41	101	400	501
Total	32	310	342	138	1,023	1,161

¹To 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 **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 Q1 FY2024 activities included completing 40 Department of Transportation inspections and 10 American National Standards Institute vehicle compliance inspections and providing 33 hours of training on Health and Safety in the Maintenance Shops to 11 mechanics. The total spend was higher than the budgeted due to fleet repairs and maintenance to keep the fleet compliant, and the expenses associated with the new vehicles' purchase were recorded this quarter. At this time, there is no expected variance in achieving program milestones.

The **Compliance & Studies** program supports the completion of T&D planning and protection studies and the production of hosting capacity information for public and internal use. This program also procured power quality monitoring equipment and meters for each district. Key Q1 FY2024 activities included completing an area planning analysis on four geographic areas corresponding to 60 distribution line feeders and the acceleration and development of 38 kV transmission area plans to identify and mitigate potential reliability risks, thermal overloads, and voltage violations. LUMA also completed feasibility and facilities studies for Tranche 2 renewable interconnection customers to advance interconnection of utility-scale renewables generation. The total spend in Q1 FY2024 was higher than the budget due to the increase in T&D planning studies identified as part of area planning. At this time, there is no expected variance in achieving program milestones.

Support Services Improvement Portfolio Summary (\$ millions)

The **Support Services Improvement Portfolio** supports the overall successful operation of the utility through various programs, including the IT OT Asset Management, the Update to Third Party Use, Audit, Contract and Billing Procedures, the IT OT Enablement, the Critical Financial Systems, the Critical Financial Controls, and the Land Record Management.

Program	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
IT OT Asset Management	\$ 8.6	\$ 1.8	\$ 0.1	\$ 1.7	
Federally Funded	8.2	1.6	0.0		
Non-Federally Funded	0.2	0.1	0.0		
OpEx	0.3	0.1	0.1		
SRP	8.5	1.7	0.1		
Critical Financial Systems	\$ 2.9	\$ 1.4	\$ 0.5	\$ 0.9	
Federally Funded	-	-	-		
Non-Federally Funded	2.5	1.0	0.5		
OpEx	0.4	0.3	0.0		
SRP	1.9	0.9	0.3		
Update to Third Party Use, Audit, Contract and Billing Procedures	\$ 2.3	\$ 0.6	\$ 0.7	\$ (0.1)	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	2.3	0.6	0.7		
SRP	0.7	0.2	0.2		
IT OT Enablement Program	\$ 1.6	\$ 0.4	\$ 0.7	\$ (0.3)	
Federally Funded	-	-	-		
Non-Federally Funded	1.6	0.4	0.7		
OpEx	-	-	(0.0)		
SRP	-	-	-		
Land Records Management	\$ 1.4	\$ 0.5	\$ 0.0	\$ 0.5	
Federally Funded	-	-	-		
Non-Federally Funded	0.2	0.1	-		
OpEx	1.2	0.4	0.0		
SRP	0.3	0.1	0.0		
Critical Financial Controls	\$ 1.1	\$ 0.3	\$ 0.2	\$ 0.1	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	1.1	0.3	0.2		
SRP	1.1	0.3	0.2		
Programs <5% of Portfolio Total	\$ 3.7	\$ 1.4	\$ 1.0	\$ 0.4	
Federally Funded	-	-	-		
Non-Federally Funded	2.0	1.0	0.3		
OpEx	1.7	0.4	0.7		
SRP	1.2	0.6	0.1		
Total	\$ 21.7	\$ 6.3	\$ 3.2	\$ 3.1	49%

¹ Figures may not add due to rounding.

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 Q1 FY2024 activities included upgrading the Outage Management System (OMS) to the latest version, which fixes software bugs, provides enhancements to the system, and also lays the foundation for OMS Mobile deployment, improving map migration that improves the OMS electric connectivity model (the more accurate the maps, the more accurate OMS will be able to predict and locate customer outages), and renewing OMS vendor contract, which allows LUMA to work with the vendor to implement enhancements, best practices with their products and the ability to identify LUMA improvements. The total spend is lower than expected due to delays in vendor contracts and project dependencies. At this time, LUMA is continuing to expand its asset base and asset data capture as new projects are being rolled out.

The **Critical Financial Systems** program covers technology projects for Finance and Facilities, including financial management systems and technology, risk management systems, and supply chain management technology. Key Q1 FY2024 activities included completing eight functional designs and six technical designs for financial systems with an ongoing collaboration with the Organization Change Management team to complete confirmation of internal resource allocation for change management; confirming a change in organization structure to form a stronger leadership and processes; preparing and revising design documents for the next phase of procure to pay; and testing and approval of the proof-of-concept reporting tool. The spend is lower than anticipated due to delays between the phases of approving and designing documents and delays in a deliverable by a third party. Mobilization of time tracking milestone is slightly delayed but is expected to go live by the third quarter of this fiscal year. At this time, there is no expected variance in achieving program milestones.

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 Q1 FY2024 activities included the processing of 164 third-party administrator applications, totaling 7,827 poles. LUMA also continued negotiations with telecommunication companies about signing a joint pole use agreement. The total spend in Q1 FY2024 was higher than the budget due to the expected billing offsets for third-party applications and pole attachment fees that did not occur as we still do not have signed agreements with the telecommunications companies. At this time, there is no expected variance in achieving program milestones.

The **IT OT Enablement** program will implement capabilities to deliver and maintain IT OT services and systems enabling LUMA operations by implementing industry best practices and standardized processes and tools. Key Q1 FY2024 activities included continuing to mature the project management office processes and tools, ongoing maintenance refresh of end-user devices, and ongoing training on service management Information Technology Infrastructure Library framework. The Q1 variance is due to an inaccurate accrual amount, actual figures are overstated, leaving minimal variance. At this time, there is no expected variance in achieving program milestones.

The **Land Record Management** program will develop a new record management system that allows for land information to be found easily and managed to meet utility industry standards. Key Q1 FY2024 activities included evaluating vendor proposals, assessing their alignment with project objectives, and ensuring they meet the specified criteria. The total spend for the quarter was lower than expected due to the procurement process taking longer than anticipated. The new remediated state is the second half of FY2026.

The **Critical Financial Controls** program focuses on two key areas, Internal Controls, and Internal Audit. These two areas will build skills and capabilities in financial reporting and audit and will update and enforce industry-standard policies and procedures that comply with the latest laws and regulations. Key Q1 FY2024 activities included continuing to review the agreement for the Workiva GRC Tool after the new procurement manual, reviewing the timeframe of the implementation of the framework of internal controls after the results of the scoping and risk assessment, continuing the evaluation of gaps identified in pre-commencement and the progress made to achieve implementation, development, and approval of the Continuous Learning Policy and the Business Reimbursement Policy by the Policies and Procedures Task Force Team. The variance of this program is due to a delay on one of the contracts that is still in the procurement process. 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.

FY2024 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 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 includes material support and actions related to GenCo's transition from PREPA's operations to Genera. During this period, under the Shared Services Agreement, also known as the Shared Services Period, LUMA provides PREPA with services that generally fall into three areas:

- T&D Operations – This is limited to technical Operations and Maintenance 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)

	FY2024 Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Q1 Variance (\$) ¹	Q1 Variance (%)
Labor	3.7	0.9	0.9	-	
Property & Casualty Insurance	55.4	13.8	13.0	0.8	
IT Service Agreements	6.7	1.7	1.3	0.4	
Legal Services	-	-	(0.1)	0.1	
Professional & Technical Outsourced Services	1.8	0.5	0.7	(0.2)	
Other	0.2	-	0.1	(0.1)	
Subtotal	\$ 67.8	\$ 16.9	\$ 15.9	\$ 1.0	6%
2% Reserve for Excess Expenditures	1.4	0.3		0.3	
Shared Services Total	\$ 69.2	\$ 17.2	\$ 15.9	\$ 1.3	8%

¹ Figures may not add due to rounding.

The primary driver for the \$1.3 million year-to-date favorable variance is related to the actual cost for the property insurance premiums and application software (IT/OT) being lower than originally budgeted. This was partially offset by a small unfavorable variance in professional and technical services driven by unbudgeted costs incurred in the Genera PR and PREPA transition and exit planning.

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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Exhibit 2
Budget to Actual worksheet
to be submitted *via* email