

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

**NEPR**

**Received:**

**Mar 28, 2024**

**11:16 AM**

**IN RE:** REVIEW OF LUMA’S INITIAL  
BUDGETS

**CASE NO.:** NEPR-MI-2021-0004

**SUBJECT:** Budget Amendment

**MOTION SUBMITTING AMENDMENT TO FY2024 T&D BUDGET**

**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 16, 2023, LUMA submitted to this Puerto Rico Energy Bureau (“Energy Bureau”) the proposed System Budgets for the Puerto Rico Energy System (“the System”), which are comprised of the Proposed T&D Budgets, developed by LUMA; the budget proposal for the legacy thermal generation units (the “GenCo Budget”), the budget proposal for the hydroelectric generating units and the public irrigation facilities (the “HydroCo Budget”) and the budget proposal for PREPA and its subsidiaries other than GenCo and HydroCo (the, “HoldCo Budget”) (collectively referred to as the “System Annual Budgets”).

2. On June 25, 2023, this Energy Bureau issued a Resolution and Order (the “June 25<sup>th</sup> Order”) whereby it approved the System Annual Budgets, subject to certain amendments to such budgets, including a reduction to the Proposed T&D Budgets.

3. On July 10, 2023, LUMA submitted a *Motion for Partial Reconsideration of Resolution and Order of June 25, 2023 on Fiscal Year 2024 System Budgets* requesting that the

Energy Bureau reconsider its determination to reduce LUMA's Proposed T&D Budgets and restore the full amount of funding proposed by LUMA for Fiscal Year 2024.

4. On September 22, 2023, the Energy Bureau issued a Resolution and Order (the "September 22<sup>nd</sup> Order") granting, in part, LUMA's Motion for Reconsideration and reversing the reductions to LUMA's Proposed T&D Budget established in the June 25<sup>th</sup> Order.

5. On February 14, 2024, LUMA submitted an *Informative Motion Submitting Courtesy Copy of Notice to the Puerto Rico Public-Private Partnership Authority* ("February 14<sup>th</sup> Notice") through which LUMA provided prompt notice to this Energy Bureau of its intent to submit a budget amendment to the T&D Budgets for Fiscal Year 2024. The notice to the Puerto Rico Public-Private Partnership Authority ("P3A") was made pursuant to Section 7.3(e) of the Transmission and Distribution Operation and Maintenance Agreement executed as of June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the P3A and LUMA ("T&D OMA").

6. Notice to this Energy Bureau was provided in compliance with this Energy Bureau's prior affirmations and directives that budget amendment requests should be timely anticipated and promptly notified to the Energy Bureau. *See*, in general, Resolutions and Orders issued on August 3, 2022, November 11, 2022, December 14, 2022, and June 29, 2023.

7. As anticipated in its February 14<sup>th</sup> Notice, LUMA hereby submits its budget amendment of the Fiscal Year 2024 budget, which budget amendment has also been submitted today to the P3A pursuant to Section 7.3(e) of the T&D OMA.

8. The budget amendment seeks to reallocate \$36 million from LUMA's Operating Budget towards LUMA's Non-Federally Funded Capital Budget. *See Exhibit I* to this Motion. The reallocated funds are distributed amongst various Improvement Portfolios, namely, Distribution,

Substation, Control Center & Buildings, Enabling and Support Services. For further detail, please refer to *Exhibit 1* to this Motion.

9. As shown in *Exhibit 1* to this Motion, LUMA will reallocate funds within the Operating Budget to increase the Vegetation Management budget by \$6 million. Said reallocation is made pursuant to Section 7.3(c) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement of June 22, 2020 (“T&D OMA”) which grants LUMA “complete flexibility, subject to compliance with the Contract Standards and prior consultation with, but not subject to approval by, Administrator or PREB, to (i) reallocate, . . . expenditures within the approved Operating Budget, . . . in order to address changed operational or commercial circumstances or new legal or regulatory requirements and . . . in such a manner that the reallocations do not exceed five percent (5%) of the Budget in which such reallocations are made or the expenditures are not postponed for a period longer than one (1) year.”

10. The budget reallocation and amendment referenced in *Exhibit 1* to this Motion does not result in any increase or change to customer rates. LUMA’s Aggregate T&D Budget of \$651 million remains unchanged and consistent with the Energy Bureau’s September 22<sup>nd</sup> Order.

**WHEREFORE**, LUMA respectfully requests that this honorable Energy Bureau **take notice** of the aforementioned and **make** the determinations it deems necessary to enable LUMA to continue its work to maintain and operate Puerto Rico’s T&D System.

**RESPECTFULLY SUBMITTED.**

**I HEREBY CERTIFY** that this motion was filed using the electronic filing system of this Energy Bureau and that electronic copies 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](mailto:mvalle@gmlex.net); and Alexis G. Rivera Medina, [arivera@gmlex.net](mailto:arivera@gmlex.net); and counsel for General PR, LLC, Jorge Fernández-Reboredo, [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com), and Alejandro López Rodríguez, [alopez@sbgblaw.com](mailto:alopez@sbgblaw.com).

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, on March 28, 2024.



**DLA Piper (Puerto Rico) LLC**  
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*Exhibit 1*



# Annual Budgets

FY2024 Budget Amendment

March 28, 2024

## Annual Budgets

### Executive Summary

Since June 1, 2021, over 4,500 men and women of LUMA have made real and measurable progress to improve the electric system while operating **within budget** and with a focus on fiscal responsibility. To ensure continued progress and efficient operations, on May 16, 2023, LUMA filed its proposed T&D Budget for Fiscal Year 2024 (FY2024) which were approved by the Public Private Partnership Authority (“P3A”) under Section 7.3 (a) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (“T&D OMA”)<sup>1</sup>. The Puerto Rico Energy Bureau (“PREB”) approved the T&D Budgets as proposed by LUMA through a Resolution and Order issued on September 22, 2023 (September 22<sup>nd</sup> Order).

As part of our commitment to sound financial management, LUMA carefully and regularly reviews spending to ensure costs and capital investments are being managed efficiently in a manner that is in the best interests of our customers and helps achieve our goals to build a more reliable and resilient electric system. LUMA has completed a comprehensive analysis of its budget and is proposing a Budget amendment that carefully prioritizes programs, prudent expenditure planning and ensures the organization is aligned with the real-time needs of the electric system and our customers. This Budget Amendment is the result of rigorous analysis, cross-functional review, and leadership alignment on prioritizing the most critical initiatives for the remaining months of FY2024.

LUMA is proposing to reallocate \$36 million from the T&D Operating Budget into the Non-Federally Funded Capital Budget. This reallocation will provide more funding for priority activities in the Distribution, Substation, Enabling, and Support Services Portfolios to enable improved reliability ahead of the 2024 Atlantic Hurricane season and higher peak demand months, as well as lower operations cost in fleet and aviation.

As further described below, the majority of the shift in spending — \$21.7 million — enables immediate increased investment for reliability in high voltage substations and distribution equipment, including replacement of a critical large transformer and other high voltage equipment (breakers and relays) as well as distribution equipment (switch fuses, fault indicators, and reclosers). The \$14 million higher investment in fleet and facilities will allow for increased purchases of vehicles and investment in an aviation hangar. These two investments will result in lower operating costs within the next few years. LUMA also describes several smaller adjustments from operating expenditures to non-federal capital expenditures below.

Per Section 7.3 (c) of the T&D OMA, LUMA will reallocate funds within the Operating Expenditures Budget to increase the Vegetation Management budget by \$6 million. The funds will be reallocated from expense for labor, material, and professional services. As well-documented, overgrown vegetation is responsible for more than 50% of outages in Puerto Rico, posing a real and ongoing threat to critical energy infrastructure. The main reason for the budget increase is a workforce ramp-up to expedite the vegetation management work that will improve LUMA’s position before the upcoming Atlantic Hurricane season and higher demand period due to warmer weather.

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<sup>1</sup> The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA) was executed on June 22, 2020, among Puerto Rico Electric Power Authority (PREPA), P3A and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, LUMA).

## Annual Budgets

The Budget Amendment **will not increase customer rates** or LUMA's aggregate T&D Pass-Through Expenditures. Consequently, the combined total of the Operating, Non-Federally Funded Capital, and Energy Efficiency Programs expenditures contemplated in the Energy Bureau's September 22<sup>nd</sup> Order remain unchanged. Pursuant to Section 7.3 (e) of the T&D OMA, LUMA has notified the P3A of the Budget Amendment within the currently approved Operating and Non-Federally Funded Capital Budgets.



# Annual Budgets

## REALLOCATION BETWEEN THE T&D OPERATING BUDGET AND THE CAPITAL BUDGET FOR NON-FEDERALLY FUNDED IMPROVEMENT PORTFOLIOS

Please refer to the table below for a summary of the Budget Amendment, which consists of adjustments to reallocate funds *between* the T&D Operating Budget and LUMA's Non-Federally Funded Capital Budget.

**Table 1 – Summary of LUMA's Operational and Capital Budget Amendment (\$ in millions)<sup>2</sup>**

		FY2024			
		Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Transmission &amp; Distribution<sup>1,2</sup></b>					
GridCo Operating Expenditures	<i>Schedule 2.2</i>	523,492	560,283	(36,791)	(7%)
GridCo Non-Federally Funded Capital Expenditures	<i>Schedule 2.4</i>	127,936	91,144	36,791	40%
Energy Efficiency Programs		11,531	11,531	-	-
<b>Total T&amp;D Operating and Non-Federally Funded Capital Budget</b>		<b>\$ 662,959</b>	<b>\$ 662,959</b>	<b>\$ -</b>	<b>-</b>
Federally Funded Capital Expenditures	<i>Schedule 2.4</i>	802,587	802,587	-	-
<b>Generation</b>					
GenCo Operating and Capital Expenditures		319,244	319,244	-	-
HydroCo Operating and Capital Expenditures		13,645	13,645	-	-
<b>Total Generation Budget</b>		<b>\$ 332,889</b>	<b>\$ 332,889</b>	<b>\$ -</b>	<b>-</b>
<b>HoldCo Operating and Capital Expenditures</b>		<b>30,943</b>	<b>30,943</b>		
<b>Other</b>					
LUMA Fee		129,162	129,162	-	-
Genera PR Fee		22,500	22,500	-	-
Bad Debts		59,450	59,450	-	-
Bankruptcy and Advisor Costs		62,972	62,972	-	-
Federal Cost Share		30,660	30,660	-	-
<b>Total Other</b>		<b>\$ 304,743</b>	<b>\$ 304,743</b>	<b>\$ -</b>	<b>-</b>

As shown above, after the proposed Budget Amendment, total T&D expenditures remain within LUMA's approved budget for FY2024 and consistent with the PREPA 2017 Rate Order.

To assist the Energy Bureau's review, LUMA has prepared an analysis of the following items:

1. Reallocation of funds between the T&D Operating Budget and the Capital Budget Non-Federally Funded improvement portfolios; and
2. Schedules that detail the adjustments outlined above.

<sup>2</sup> Figure includes a 2% Reserve for Excess Expenditures and may not add due to rounding.

## Annual Budgets

# 1.0 Reallocation of Funds within the T&D Operating and Capital Budget – Non-Federally Funded Improvement Portfolios

Please refer to the tables below for a summary of the proposed budget amendment<sup>3</sup>. This includes reallocating funds between the T&D Operating Budget and the Distribution, Substation, Enabling, and Support Services portfolios. The drivers for the variances are detailed below.

**Table 2 – Summary of Reallocation – Operating Expenditures Budget (\$ in millions)<sup>4</sup>**

	FY2024			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Department</b>				
Customer Experience	88,475	87,845	630	1%
Operations	227,532	264,232	(36,700)	(14%)
Utility Transformation	19,505	19,505	-	-
Support Services	177,715	177,715	-	-
<b>Subtotal</b>	<b>513,227</b>	<b>549,297</b>	<b>(36,070)</b>	<b>(7%)</b>
<b>Other</b>				
2% Reserve for Excess Expenditures	10,265	10,986	(721)	(7%)
<b>Total Operating Budget</b>	<b>523,492</b>	<b>560,283</b>	<b>(36,791)</b>	<b>(7%)</b>

**Table 3 – Summary of Reallocation – Improvement Portfolios Capital Non-Federally Funded Budget (\$ in millions)<sup>5</sup>**

	FY2024			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Improvement Portfolio</b>				
Customer Experience	11,987	11,987	-	-
Distribution	29,439	26,939	2,500	9%
Transmission	601	601	-	-
Substations	35,340	16,140	19,200	119%
Control Center & Buildings	8,694	3,694	5,000	135%
Enabling	32,507	23,507	9,000	38%
Support Services	6,859	6,489	370	6%
<b>Subtotal</b>	<b>125,427</b>	<b>89,357</b>	<b>36,070</b>	<b>40%</b>
<b>Other</b>				
2% Reserve for Excess Expenditures	2,509	1,787	721	40%
<b>Total Capital Expenditures</b>	<b>127,936</b>	<b>91,144</b>	<b>36,791</b>	<b>40%</b>

<sup>3</sup> Detailed schedules are included in Section 2.0 of this document.

<sup>4</sup> Figures may not add due to rounding.

<sup>5</sup> Figures may not add due to rounding.

# Annual Budgets

## 1.1 T&D Operating Budget

### Operations Operating Expenditures

The expenses of the Operations Department are allocated for supervising and administering the daily activities related to the transmission and distribution infrastructure, which is crucial for ensuring a safe and dependable electric service for all our customers. The FY2024 favorable variance in Operations operating expenses is driven by lower-than-expected operating costs in salaries, wages, benefits, materials and supplies, transportation, per diem, and mileage due to active management of operating costs as well as resources being redeployed to storm response and outage restoration efforts. Thirty-six million dollars from this budget will be reallocated to Improvement Portfolios that include critical initiatives, detailed below.

## 1.2 Capital Budget – Non-Federally Funded Improvement Portfolios

### Distribution Portfolio

- **Distribution Automation** – The reallocation of \$2.5 million to the Distribution Automation program mainly aims to ensure continuity in switch fuses, fault indicators, and reclosers installation, given cost increases due to market conditions. Increasing the budget will ensure operational continuity and allow customers to continue to see the positive benefits of additional automated devices on the distribution grid.

### Substations Portfolio

- **Substation Rebuilds program** – The reallocation of \$16.7 million to the Substation Rebuilds program is directed at supporting the upcoming expedited acquisition and commissioning of a 230/115kV transformer for the Bayamón Transmission Center (TC). On June 29, 2023, protective relays at the Bayamón TC unexpectedly tripped the transformer, de-energizing the station and creating a “sudden pressure” alarm, resulting in an oil spill as part of the outage. This transformer was the sole transformer at these voltages installed in Bayamón. Its primary purpose was to transform energy delivered primarily from generation units in the south of Puerto Rico at 230 kV to 115 kV for transmission to the urban load centers in the north, including San Juan and Bayamón. Its rated capacity is 544 MVA (about 1/6th of the island’s total peak demand of about 3,000 MW). The analysis shows that in the absence of a 230/115 kV transformer at the Bayamón TC, the system is one contingency away from catastrophic failure. The probability of another significant transformer failure is very high, given the age and operating condition of the only two neighboring 230/115 kV substation transformers at Manatí and Sabana Llana.
- **Substation Reliability** – The reallocation of \$2.5 million to the Substation Reliability program aims to continue supporting investments in high-voltage equipment replacements, including breakers and relays, hot spot remediation, additional repairs, inspections, and substation testing. The objective is to continue improving the reliability of the electric system and strengthening the infrastructure ahead of hurricane season.

## Annual Budgets

### Enabling Portfolio

- **T&D Fleet program** – The reallocation of \$9 million to the T&D Fleet program is primarily driven by the need to replace vehicles which have become obsolete or have reached the end of their useful life. The reallocated funds will be used to bring the fleet up to industry standards by purchasing 113 ALTEC vehicles, including bucket trucks, diggers, and specialized equipment used for day-to-day operations. This acquisition will allow LUMA to take advantage of negotiated discounts in its existing fleet lease agreement and enable eligibility for FEMA reimbursement for vehicles deployed to emergency response events.

### Control Center and Buildings Portfolio

- **Facilities Development & Implementation** – The reallocation of \$5 million to the Facilities Development & Implementation program is driven by the planned acquisition of a 55,439 sq. ft. hangar at Fernando Luis Ribas Dominicci Airport in San Juan. LUMA currently spends \$319,574 annually on its current hangar rental at Luis Muñoz Airport and the owner has communicated that rent cost will increase in FY2025 once the existing lease expires. This hangar presents logistical and safety challenges since several airline freight couriers also occupy the space. The runway used to mobilize helicopters is prioritized by the airport for unloading cargo planes. Moreover, the leased premises are not equipped to house the helicopters, machinery, and parts. The Luis Ribas Dominicci Airport hangar that will be acquired and added to PREPA's assets has security, IT infrastructure, furniture, cranes, a paint shop, a parts room, a racking, and essential tools. The hangar is in a prime location and good condition, enabling a better response to incidents occurring in the Puerto Rico electrical grid and offering a more resilient workspace. The existing hangar lease expires in October 2024, and with the proposed renewal rate, the cash payback on the purchase is less than two years on top of the operational benefits. LUMA's hangar purchase and relocation of aviation operations ensure long-term cost savings and operational readiness by acquiring a new hangar.

### Support Services Portfolio

- **IT OT Asset Management program** – The reallocation of \$1 million to the IT OT Asset Management program is aimed at supporting the replacement of obsolete hardware, which will ensure business operations and continuity. The current equipment has surpassed its end of life, as noted in the System Remediation Plan approved by PREB, and most service contracts have expired. However, LUMA relies on this equipment for daily transmission, distribution, and billing operations. The investment reduces the risk that hardware failure could negatively affect customers and reduce resilience.
- **Electric Vehicle Implementation Support program** – LUMA is reallocating \$630,000 between funding sources in this program from its Non-Federally Funded Capital Budget to the Customer Experience Operating Expenditures Budget. This amount was originally budgeted in the Non-Federally Funded Capital budget, but the activities that will be conducted are properly categorized as expenses and not a fixed asset investment.

# Annual Budgets

## 2.0 Schedules

### 2.1 Summary

(In \$000s)

		FY2024			
	Reference	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Transmission &amp; Distribution<sup>1,2</sup></b>					
GridCo Operating Expenditures	Schedule 2.2	523,492	560,283	(36,791)	(7%)
GridCo Non-Federally Funded Capital Expenditures	Schedule 2.4	127,936	91,144	36,791	40%
Energy Efficiency Programs		11,531	11,531	-	-
<b>Total T&amp;D Operating and Non-Federally Funded Capital Budget</b>		<b>\$ 662,959</b>	<b>\$ 662,959</b>	<b>\$ -</b>	<b>-</b>
Federally Funded Capital Expenditures	Schedule 2.4	802,587	802,587	-	-
<b>Generation</b>					
GenCo Operating and Capital Expenditures		319,244	319,244	-	-
HydroCo Operating and Capital Expenditures		13,645	13,645	-	-
<b>Total Generation Budget</b>		<b>\$ 332,889</b>	<b>\$ 332,889</b>	<b>\$ -</b>	<b>-</b>
<b>HoldCo Operating and Capital Expenditures</b>		<b>30,943</b>	<b>30,943</b>		
<b>Other</b>					
LUMA Fee		129,162	129,162	-	-
Genera PR Fee		22,500	22,500	-	-
Bad Debts		59,450	59,450	-	-
Bankruptcy and Advisor Costs		62,972	62,972	-	-
Federal Cost Share		30,660	30,660	-	-
<b>Total Other</b>		<b>\$ 304,743</b>	<b>\$ 304,743</b>	<b>\$ -</b>	<b>-</b>

Notes:

<sup>1</sup> T&D Expenditures include 2% reserve for excess expenditures, but T&D Operating Expenditures do not include Shared Services for GenCo, HydroCo, or HoldCo.

# Annual Budgets

<sup>2</sup> Figures may not add due to rounding.

## 2.2 Transmission & Distribution Operating Budget

(In \$000s)

	FY2024 Proposed Reallocation					FY2024 Approved Budget					FY2024 Variance (\$)					FY2024 Variance (%)				
	Customer Experience	Operations	Utility Transformation	Support Services	2024	Customer Experience	Operations	Utility Transformation	Support Services	2024	Customer Experience	Operations	Utility Transformation	Support Services	2024	Customer Experience	Operations	Utility Transformation	Support Services	2024
<b>Labor <sup>1</sup></b>																				
Salaries, Wages and Benefits	51,132	125,132	13,771	53,270	243,305	51,132	135,999	13,771	53,270	254,172	-	(10,867)	-	-	(10,867)	-	(8%)	-	-	(4%)
<b>Total Labor</b>	<b>51,132</b>	<b>125,132</b>	<b>13,771</b>	<b>53,270</b>	<b>243,305</b>	<b>51,132</b>	<b>135,999</b>	<b>13,771</b>	<b>53,270</b>	<b>254,172</b>	<b>-</b>	<b>(10,867)</b>	<b>-</b>	<b>-</b>	<b>(10,867)</b>	<b>-</b>	<b>(8%)</b>	<b>-</b>	<b>-</b>	<b>(4%)</b>
<b>Non-Labor</b>																				
Materials & Supplies	332	21,533	462	2,543	24,871	332	37,333	462	2,543	40,671	-	(15,800)	-	-	(15,800)	-	(42%)	-	-	(39%)
Transportation, Per Diem, and Mileage	742	10,807	2,415	1,373	15,337	742	10,807	2,415	1,373	15,337	-	-	-	-	0	-	-	-	-	-
Property & Casualty Insurance	-	-	-	19,457	19,457	-	-	-	19,457	19,457	-	-	-	-	0	-	-	-	-	0%
Security	-	-	-	6,235	6,235	-	-	-	6,235	6,235	-	-	-	-	0	-	-	-	-	0%
IT Service Agreements	150	190	357	24,980	25,677	150	2,626	357	24,980	28,113	-	(2,436)	-	-	(2,436)	-	(93%)	-	-	(9%)
Utilities & Rents	72	1,972	311	4,535	6,890	72	1,972	311	4,535	6,890	-	-	-	-	0	-	-	-	-	-
Legal Services	50	8	-	9,920	9,978	50	6	-	9,920	9,978	-	2	-	-	2	-	27%	-	-	0%
Communications Expenses	217	182	2	1,076	1,478	217	179	2	1,076	1,476	-	2	-	-	2	-	1%	-	-	0%
Professional & Technical Outsourced Services	35,705	10,775	1,608	46,353	94,441	35,075	19,219	1,608	46,353	102,254	630	(8,443)	-	-	(7,813)	2%	(44%)	-	-	(8%)
Vegetation Management	-	56,000	-	-	56,000	-	50,000	-	-	50,000	-	6,000	-	-	6,000	-	12%	-	-	12%
Other Miscellaneous Expenses	74	933	578	7,973	9,558	74	6,091	578	7,973	14,716	-	(5,158)	-	-	(5,158)	-	(85%)	-	-	(35%)
<b>Total Non-Labor / Other Operating Expense</b>	<b>37,343</b>	<b>102,399</b>	<b>5,734</b>	<b>124,445</b>	<b>269,922</b>	<b>36,713</b>	<b>128,233</b>	<b>5,734</b>	<b>124,445</b>	<b>295,125</b>	<b>630</b>	<b>(25,833)</b>	<b>-</b>	<b>0</b>	<b>(25,203)</b>	<b>2%</b>	<b>(20%)</b>	<b>0%</b>	<b>0%</b>	<b>(9%)</b>
<b>Subtotal Labor and Non-Labor/Other Operating Expenses</b>	<b>88,475</b>	<b>227,532</b>	<b>19,505</b>	<b>177,715</b>	<b>513,227</b>	<b>87,845</b>	<b>264,232</b>	<b>19,505</b>	<b>177,715</b>	<b>549,297</b>	<b>630</b>	<b>(36,700)</b>	<b>-</b>	<b>0</b>	<b>(36,070)</b>	<b>1%</b>	<b>(14%)</b>	<b>0%</b>	<b>0%</b>	<b>(7%)</b>
2% Reserve for Excess Expenditures	-	-	-	-	10,265	-	-	-	-	10,986	-	-	-	-	(721)	-	-	-	-	(7%)
<b>Total Operating Budget</b>	<b>88,475</b>	<b>227,532</b>	<b>19,505</b>	<b>177,715</b>	<b>523,492</b>	<b>87,845</b>	<b>264,232</b>	<b>19,505</b>	<b>177,715</b>	<b>560,283</b>	<b>630</b>	<b>(36,700)</b>	<b>-</b>	<b>0</b>	<b>(36,791)</b>	<b>1%</b>	<b>(14%)</b>	<b>0%</b>	<b>0%</b>	<b>(7%)</b>

Note:

<sup>1</sup> Figures may not add due to rounding.

# Annual Budgets

## 2.3 Improvement Portfolio and Program Summary

(In \$000s)

	FY2024 Proposed Reallocation				FY2024 Approved Budget				FY2024 Variance (\$)				FY2024 Variance (%)			
	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total
<b>Improvement Portfolio</b>																
Customer Experience	121,861	11,987	17,025	150,873	121,861	11,987	17,025	150,873	-	-	-	-	-	-	-	-
Distribution	215,855	29,439	-	245,294	215,855	26,939	-	242,794	-	2,500	-	2,500	-	9%	-	1%
Transmission	130,408	601	300	131,310	130,408	601	300	131,310	-	-	-	-	-	-	-	-
Substations	114,643	35,340	1,140	151,123	114,643	16,140	1,140	131,923	-	19,200	-	19,200	-	119%	-	15%
Control Center & Buildings	38,722	8,694	816	48,232	38,722	3,694	816	43,232	-	5,000	-	5,000	-	135%	-	12%
Enabling	157,184	32,507	85,275	274,965	157,184	23,507	85,275	265,965	-	9,000	-	9,000	-	38%	-	3%
Support Services	8,177	6,859	7,029	22,065	8,177	6,489	7,029	21,695	-	370	-	370	-	6%	-	2%
<b>Subtotal</b>	<b>786,850</b>	<b>125,427</b>	<b>111,584</b>	<b>1,023,862</b>	<b>786,850</b>	<b>89,357</b>	<b>111,584</b>	<b>987,792</b>	<b>-</b>	<b>36,070</b>	<b>-</b>	<b>36,070</b>	<b>-</b>	<b>40%</b>	<b>-</b>	<b>4%</b>
<b>Other</b>																
2% Reserve for Excess Expenditures	15,737	2,509	2,232	20,477	15,737	1,787	2,232	19,756	-	721	-	721	-	40%	-	4%
<b>Total Capital Expenditures</b>	<b>802,587</b>	<b>127,936</b>	<b>113,816</b>	<b>1,044,339</b>	<b>802,587</b>	<b>91,144</b>	<b>113,816</b>	<b>1,007,548</b>	<b>-</b>	<b>36,791</b>	<b>-</b>	<b>36,791</b>	<b>-</b>	<b>40%</b>	<b>-</b>	<b>4%</b>

Note:

<sup>1</sup> Figures may not add due to rounding.

# Annual Budgets

## 2.4 Improvement Portfolios - Total Capital Expenditures

(In \$000s)

	FY2024					FY2024					FY2024			
	Total				=	Federally Funded				+	Non Federally Funded			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)		Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)		Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
Improvement Portfolio <sup>1</sup>														
Customer Experience	133,848	133,848	-	-		121,861	121,861	-	-		11,987	11,987	-	-
Distribution	245,294	242,794	2,500	1%		215,855	215,855	-	-		29,439	26,939	2,500	9%
Transmission	131,010	131,010	0	-		130,408	130,408	-	-		601	601	0	-
Substations	149,983	130,783	19,200	15%		114,643	114,643	-	-		35,340	16,140	19,200	119%
Control Center & Buildings	47,416	42,416	5,000	12%		38,722	38,722	-	-		8,694	3,694	5,000	135%
Enabling	189,691	180,691	9,000	5%		157,184	157,184	-	-		32,507	23,507	9,000	38%
Support Services	15,036	14,666	370	3%		8,177	8,177	-	-		6,859	6,489	370	6%
Subtotal	912,277	876,207	36,070	4%		786,850	786,850	-	-		125,427	89,357	36,070	40%
Other														
2% Reserve for Excess Expenditures	18,246	17,524	721	4%		15,737	15,737	-	-		2,509	1,787	721	40%
Total Capital Expenditures	930,523	893,732	36,791	4%		802,587	802,587	-	-		127,936	91,144	36,791	40%

Note:

<sup>1</sup> Figures may not add due to rounding.