

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

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| NEPR Received: Feb 15, 2025 7:11 AM |
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IN RE:

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

CASE NO. NEPR-MI-2020-0019

**SUBJECT: Motion to Submit Quarterly Report for
the Second Quarter of Fiscal Year 2025**

**MOTION TO SUBMIT QUARTERLY REPORT FOR THE SECOND QUARTER OF
FISCAL YEAR 2025**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

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

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

June 23rd Order, pp. 37-38.

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

3. In compliance with the June 23rd Order, as modified by the August 25th Order and the November 4th Order, LUMA hereby submits to the Energy Bureau, attached as *Exhibit 1*, its Comprehensive Quarterly Report of Fiscal Year 2025, for the second quarter ending December 31, 2024 (“Q2 Report”). The Q2 Report contains the information required in Section IV, paragraphs 1 through 3 of the June 23rd Order. This Q2 Report also addresses the quarterly reporting requirements set in case No. NEPR-MI-2021-0004, *In Re: LUMA’s Initial Budgets* (“Initial Budgets Proceeding”) and was submitted in that proceeding.

4. LUMA hereby also informs that it submitted the Quarterly Federal Funding Report for the period ending December 31, 2024 (“Q2 Federal Funding Report”), in Case *In re Review of the Puerto Rico Electric Power Authority’s 10-Year Infrastructure Plan*, Case No. NEPR-MI-2021-0002.

5. The Q2 Report filed herein 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”). It will also be submitted to the P3 Authority. *See* T&D OMA, Annex I, Section VI(B), paragraph (5).

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

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of February 2025.

We hereby certify that this motion was filed using the electronic filing system of this Energy Bureau. We also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Mirelis Valle-Cancel, mvalle@gmlex.net; Alexis G. Rivera Medina, arivera@gmlex.net; and to Genera PR LLC, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com; Alejandro López Rodríguez, alopez@sbgblaw.com; legal@genera-pr.com; and regulatory@genera-pr.com.



DLA Piper (Puerto Rico) LLC
500 Calle de la Tanca, Suite 401
San Juan, PR 00901-1969
Tel. 787-945-9122 / 9103
Fax 939-697-6092 / 6063

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
RUA NÚM. 16,266
margarita.mercado@us.dlapiper.com

/s/ Jan M. Albino López
Jan M. Albino López
RUA NÚM. 22,891
jan.albinolopez@us.dlapiper.com

Exhibit 1
Q2 Report
Supporting schedules to be submitted via email

Informe trimestral de LUMA

para el segundo trimestre (Q2) del año fiscal 2025

que termina el 31 de diciembre de 2024



NUESTRA MISIÓN PARA PUERTO RICO ES:

Reconstruir y modernizar la empresa de servicios públicos para ofrecer a los clientes electricidad confiable, resiliente, segura y sostenible a unas tarifas razonables.



PERSONAS

Dar prioridad a las personas para ofrecer una mejor experiencia centrada en el cliente



SEGURIDAD

Impulsar un desempeño sólido en materia de seguridad para el bienestar de nuestros clientes y empleados



CONFIABILIDAD

Mantener las luces encendidas, y construir un sistema resiliente en el que los clientes puedan confiar



CUMPLIMIENTO

Ser éticos y respetar las reglas viviendo nuestros valores: orgullo, cuidado y responsabilidad



FINANZAS

Ceñirnos al presupuesto, y optimizar el uso y la captación de fondos



Avances: LUMA continúa mejorando la confiabilidad, la eficiencia energética, la experiencia del cliente y la respuesta ante emergencias

Desde que asumimos la operación del sistema hace tres años y medio, los más de 4,000 hombres y mujeres de LUMA, nos hemos mantenido firmes en nuestra misión de construir un futuro energético más brillante, limpio, confiable y resiliente para los 1.5 millones de clientes a los que tenemos el privilegio de servir. Nuestro equipo logra avances duraderos hacia esa meta todos los días al fortalecer la resiliencia de la red, mejorar el servicio al cliente, mejorar la confiabilidad y promover iniciativas de energía renovable.

En este trimestre solamente, tuvimos un progreso significativo que fortaleció aún más la confiabilidad del sistema al reemplazar estructuras clave, reparar puntos calientes, actualizar componentes de línea y despejar 410 millas de vegetación. También, inspeccionamos 537 medidores y reciclamos otros 3,832 para mejorar la precisión y la eficiencia del sistema. Además, completamos paquetes de órdenes de trabajo para 1,427 dispositivos de automatización de distribución a través del programa de Automatización de Distribución para reducir los impactos de las interrupciones del servicio de energía eléctrica.

Como parte de nuestro compromiso de impulsar la transformación energética limpia de Puerto Rico, este trimestre activamos la medición neta para más de 12,771 propietarios de sistemas de paneles solares en techos, lo que representa 98 MW de energía renovable agregada a la red, y distribuimos un total de 949 kits de eficiencia energética gratuitos para nuestros clientes comerciales para ayudarlos a ahorrar energía en sus empresas. Para mejorar la confiabilidad del sistema durante la demanda máxima, LUMA inscribió a más de 7,600 participantes en la iniciativa de uso compartido de la energía de las baterías por parte de los clientes (CBES), lo que representa una capacidad de almacenamiento adicional de 40 MW.

En cuanto al servicio al cliente, nuestro equipo continúa mejorando la experiencia general del cliente. Durante el pasado trimestre, hubo más de 600,700 interacciones en persona en centros de servicio con un tiempo de espera promedio de siete minutos, 497,600 llamadas respondidas con un tiempo de espera promedio de menos de dos minutos y 62,000 mensajes en redes sociales atendidos. También, logramos que 8,500 clientes firmaran acuerdos de pago, lo que mejoró el desempeño financiero. Para mejorar aún más la experiencia del cliente, introdujimos un sistema de preferencia de notificaciones por SMS, WhatsApp o correo electrónico, y configuramos notificaciones de interrupciones del servicio a través de la aplicación Mi LUMA.

Nuestros equipos de LUMA también han seguido priorizando la preparación y respuesta ante emergencias. Durante el apagón del 31 de diciembre, el Centro de Operaciones de Emergencia de LUMA coordinó con éxito los esfuerzos para prepararse y responder ante el evento. Gracias a nuestros esfuerzos de coordinación para responder con prontitud, restablecimos el suministro de energía eléctrica al 95% de los clientes afectados en tan solo 28 horas.

Como parte del compromiso de toda la compañía con Puerto Rico, LUMA continuó enfocándose en la transparencia operativa y la responsabilidad fiscal manteniéndose dentro del presupuesto. Este informe proporciona una descripción general de las operaciones, las acciones y los logros de la compañía durante el trimestre comprendido entre el 1 de octubre y el 31 de diciembre de 2024. Las secciones subsiguientes demuestran nuestra dedicación continua y nuestras acciones para modernizar la infraestructura energética de Puerto Rico, y operar con eficacia y responsabilidad fiscal. Este informe trimestral se presenta 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).

Progresos para Puerto Rico durante el AF2025

(Datos del año hasta la fecha)

Estamos construyendo un futuro energético mejor para todos los clientes de LUMA.

MEJORAMOS LA CONFIABILIDAD.

Instalamos

1,258 DISPOSITIVOS DE AUTOMATIZACIÓN DE LA DISTRIBUCIÓN.



EXPANDIMOS LA ENERGÍA RENOVABLE.

Activamos más de

23,702 dueños de sistemas solares que participan en la medición neta, lo que representa más de **182 MW** de energía limpia.



MEJORAMOS LA SEGURIDAD.

Se completaron más de

34,916 capacitación en **SALUD Y SEGURIDAD** en el trabajo y en el LUMA College.



AUMENTAMOS LA RESILIENCIA.

Reemplazamos aproximadamente

5,600 postes de servicio público **ROTOS O DAÑADOS.**



MEJORAMOS EL SERVICIO AL CLIENTE.

Atendimos más de

1,160,995

LLAMADAS con un tiempo de espera inferior a **dos minutos.**



PROYECTOS DE MEJORA DE LA INFRAESTRUCTURA

Se reemplazaron más de

11,959 LUMINARIAS



Fortalecimiento de nuestras comunidades

La colaboración, educación e inversión siguen siendo la base de nuestro apoyo a las comunidades. Como parte de este compromiso, este trimestre los empleados de LUMA:

- Reanudaron la asociación por tercer año consecutivo con la Cruz Roja Americana para educar a más de 3,000 niños y capacitar a 4,000 empleados en el manejo de emergencias
- Brindaron una charla educativa sobre los Siete Pasos para la Seguridad Eléctrica a 40 adultos mayores en Ponce para enseñarles las técnicas de seguridad en situaciones de emergencia cerca de líneas eléctricas y fomentar la concienciación y las prácticas seguras durante las actividades alrededor de la infraestructura eléctrica
- Participaron en la iniciativa solidaria “Luma en tu comunidad” ofreciendo charlas de seguridad eléctrica, orientación sobre ahorro de energía y entregando alimentos a 200 personas de El Gandul y La Fondita de Jesús

Mejora del alcance y la respuesta a nuestros clientes

Los clientes son el corazón de las operaciones de LUMA y de nuestra misión de construir una empresa de servicio público más centrado en el cliente. Como parte de este compromiso, este trimestre:

- Atendimos en persona a más de 600,700 clientes en nuestros centros de atención al cliente, con un tiempo promedio de espera inferior a siete minutos
- Atendimos más de 497,000 llamadas de clientes con un tiempo promedio de espera inferior a dos minutos
- Respondimos a más de 62,000 mensajes directos en redes sociales y registramos a 8,500 clientes en acuerdos de pago



Prioridad a la seguridad y la capacitación


No hay nada más importante para nosotros que la seguridad de nuestros clientes, trabajadores, contratistas y comunidades. Como parte de este compromiso, este trimestre:

- Ofrecimos 319 sesiones de orientación sobre seguridad eléctrica a 9,041 clientes
- Impartimos 9,630 horas de capacitación a través del LUMA College y del Programa de Aprendices de LUMA
- Desarrollamos y lanzamos en noviembre de la campaña “Piense en la seguridad y conduzca con seguridad” dirigida a los empleados del Departamento de Operaciones para crearles conciencia sobre los cuatro principales comportamientos peligrosos al volante: no ponerse el cinturón de seguridad, utilizar el teléfono móvil mientras conduce, conducir con somnolencia y no detenerse en las señales de pare.

Impulso de la transformación energética sostenible

LUMA ha impulsado la transformación de la energía limpia en Puerto Rico. Como parte de este compromiso, este trimestre:

- Activamos la medición neta para más de 12,771 propietarios de sistemas de paneles solares en techos, lo que representa 98 MW
- Inscribimos a más de 7,600 participantes en la iniciativa de uso compartido de energía de las baterías de los clientes, lo que representa una capacidad de almacenamiento de 40 MW para aumentar la oferta de energía disponible durante los picos de demanda, mejora el suministro de energía, y minimiza el impacto de la reducción intencional de la carga de energía
- Distribuimos un total de 949 kits gratuitos de eficiencia energética para ayudar a nuestros clientes comerciales a ahorrar energía, y nos comunicamos con los clientes a través de las redes sociales, folletos adjuntos a la factura, correos electrónicos mensuales para brindarles actualizaciones y campañas en los medios de comunicación para dar a conocer los programas de eficiencia energética de LUMA



Reparación, restauración y reconstrucción de la red eléctrica

LUMA ha logrado avances significativos y duraderos para mejorar el sistema eléctrico mientras trabajamos hacia la construcción de un mejor futuro energético para Puerto Rico. Como parte de nuestro compromiso, este trimestre hemos:

- Completamos el reemplazo urgente de transformadores en las subestaciones de Hato Rey y Santa Isabel, e instalamos y energizamos un disyuntor de 115 kV en la subestación Aguirre
- Sustituimos más de 7,300 luminarias en los municipios de Adjuntas, Aguada, Aguadilla, Aibonito, Añasco, Arroyo, Carolina, Cataño, Cidra, Coamo, Comerío, Corozal, Dorado, Guánica, Gurabo, Hatillo, Jayuya, Lajas, Luquillo, Manatí, Maunabo, Mayagüez, Naguabo, Orocovi, Salinas, San Germán, Trujillo Alto, Villalba, and Yabucoa
- Continuamos con la reconstrucción de la subestación de Río Grande instalando un transformador de 38/13 kV, y realizamos reparaciones menores en las subestaciones Viaducto TC, Juncos TC, La Muda, Canóvanas TC, Isla Grande GIS, Quebradillas, Morovis, CREA, Naranjito y Río Bayamón
- Reemplazamos siete interruptores de distribución en Manatí, Ojo de Agua (dos interruptores), Peñuelas, Pajuil, Aguadilla y Dos Bocas
- Reemplazamos interruptores de transmisión de 230 kV en Guayama y Yabucoa, e interruptores de 38 kV en Barceloneta (cuatro interruptores), Canóvanas y Dorado
- Completamos más de 90,000 evaluaciones sobre el terreno de contadores como parte del programa de Infraestructura de Medición Avanzada (AMI, por sus siglas en inglés)

LUMA Quarterly Report

for the Second Quarter (Q2) of Fiscal Year 2025
ending December 31, 2024



OUR MISSION FOR PUERTO RICO



To rebuild and modernize the utility to deliver customer, reliable, resilient, safe, and sustainable electricity, at reasonable prices.



PEOPLE
Put people first to deliver an enhanced customer-centric experience



SAFETY
Drive strong safety performance for the wellbeing of our customers and employees



RELIABILITY
Keep the lights on building a resilient system that customers can trust



COMPLIANCE
Be ethical and follow the rules living our values: Pride, care, and accountability



FINANCIAL
Stick to the budget and optimize use and collection of funds



Advancing Progress: LUMA Continues to Improve Reliability, Energy Efficiency, Customer Experience & Emergency Response

Since taking over as the system operator three and half years ago, the over 4,000 men and women of LUMA, have remained steadfast in our mission to build a brighter, cleaner, more reliable, and more resilient energy future for the 1.5 million customers we are privileged to serve. Our team makes lasting progress toward that goal daily by strengthening grid resilience, enhancing customer service, improving reliability, and advancing renewable energy initiatives.

This quarter alone, we made significant progress to further strengthen system reliability by replacing key structures, repairing hotspots, upgrading line hardware, and clearing 410 miles of vegetation. We also inspected 537 meters and recycled 3,832 meters to improve system accuracy and efficiency. Additionally, we completed work order packages for 1,427 distribution automation devices through the Distribution Automation program to reduce outage impacts.

As part of our commitment to empowering Puerto Rico's clean energy transformation, this quarter, we activated net metering for more than 12,771 rooftop solar panel system owners, representing 98 MW of new renewable energy added to the grid, and to help customers save energy at work, we distributed a total of 949 free energy efficiency kits for our business customers. To help improve reliability during peak demand, LUMA enrolled more than 7,600 participants in the Customer Battery Energy Sharing initiative (CBES), representing an additional storage capacity of 40 MW.

Concerning customer service, our team continues to improve the overall customer experience. During the last quarter, there were over 600,700 in-person interactions at service centers with an average wait time of seven minutes, 497,600 calls answered with an average wait time of less than two minutes, and 62,000 social media messages addressed. We also enrolled 8,500 customers in payment agreements, enhancing financial performance. To further improve customer experience, we introduced a notification preference system via SMS, WhatsApp, or email and configured outage notifications through the Mi LUMA app.

Our LUMA teams have also continued to prioritize emergency preparation and response. During the December 31 outage, the LUMA Emergency Operations Center successfully coordinated preparedness and response efforts. As a result of our coordinated response efforts to this event, we restored power to 95% of impacted customers within just 28 hours.

As part of a company-wide commitment to Puerto Rico, LUMA continued its focus on operational transparency and fiscal responsibility by staying within budget. This report provides an overview of the company's operations, actions, and accomplishments over the three-month period between October 1 and December 31, 2024. The subsequent sections demonstrate our continued dedication and our actions to modernize Puerto Rico's energy infrastructure and operate efficiently in a fiscally responsible manner. This quarterly report is submitted as a Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA) requirement.

Progress for Puerto Rico during Fiscal Year 2025

(Year-to-date data)

Building a Better Energy Future for All LUMA Customers

ENHANCING RELIABILITY

Installed

1,258 DISTRIBUTION
AUTOMATION DEVICES



EXPANDING RENEWABLES

Activated

23,702 solar system
owners participating in net
metering, which represents over
182 MW of clean energy



IMPROVING SAFETY

Completed

34,916

HEALTH AND SAFETY
on the job and LUMA College
training hours



INCREASING RESILIENCY

Replaced approximately

5,600

BROKEN AND DAMAGED
utility poles



BETTER CUSTOMER SERVICE

Answered

1,160,995 CALLS

with a wait time of less than
two minutes



INFRASTRUCTURE IMPROVEMENT PROJECTS

Replaced

11,959

STREETLIGHTS





Empowering Our Communities

Collaboration, education, and investment continue to be the foundation of our support for communities. As part of this commitment, this quarter, LUMA employees:

- Renewed a partnership with the American Red Cross for the third consecutive year to educate over 3,000 children, and train 4,000 employees in emergency preparedness
- Provided an educational talk on the Seven Steps to Electrical Safety to 40 senior citizens at Ponce, focusing on emergency safety techniques near power lines and promoting awareness and safe practices during activities around electrical infrastructure
- Participated in the “Luma en tu comunidad” solidarity initiative, offering electrical safety talks, energy-saving guidance, and delivering food to 200 individuals at La Fondita de Jesús

Improving Outreach and Response to Our Customers

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

- Served more than 600,700 customers in person across our customer service centers with an average wait time of seven minutes
- Answered over 497,600 customer calls with an average wait time of less than two minutes
- Responded to more than 62,000 social media direct messages and enrolled more than 8,500 customers in payment agreements



Prioritizing Safety and Training

Nothing is more important to us than the safety of our customers, workers, contractors, and communities. As part of this commitment, this quarter, we have:

- Offered 319 electrical safety orientation sessions to 9,041 customers
- Provided 9,630 training hours through LUMA College and the LUMA Apprenticeship Program
- Developed and launched the 'Think Safety, Drive Safely' campaign in November to the Operations Department employees to raise awareness about the four primary unsafe driving behaviors: not wearing seatbelts, cellphone use, driving while drowsy, and failing to obey stop signs

Empowering the Sustainable Energy Transformation

LUMA has been a driving force behind the clean energy transformation in Puerto Rico. During this quarter, we have:

- Activated net metering for more than 12,771 rooftop solar panel system owners, representing 98 MW
- Enrolled more than 7,600 customers in the customer battery energy sharing initiative representing a storage capacity of 40 MW to increase the supply of energy available during peak demand, improving the supply of energy and minimizing load shed impacts
- Distributed a total of 949 free energy efficiency kits for our business customers to help them save energy and reached out to customers through social media, bill inserts, monthly email updates, and media campaigns to raise awareness about LUMA's Energy Efficiency Programs



Repairing, Restoring, and Rebuilding the Electric Grid

LUMA has made significant and lasting progress to improve the electric system as we work toward building a better energy future for Puerto Rico. As part of our commitment, this quarter we have:

- Completed emergent replacement of transformers in the Hato Rey and Santa Isabel substations and installed and energized a 115 kV breaker in the Aguirre substation
- Replaced more than 7,300 streetlights in the municipalities of Adjuntas, Aguada, Aguadilla, Aibonito, Añasco, Arroyo, Carolina, Cataño, Cidra, Coamo, Comerío, Corozal, Dorado, Guánica, Gurabo, Hatillo, Jayuya, Lajas, Luquillo, Manatí, Maunabo, Mayagüez, Naguabo, Orocovis, Salinas, San Germán, Trujillo Alto, Villalba, and Yabucoa
- Continued the rebuild of the Río Grande substation, installing a 38/13 kV Substation Transformer and conducting minor repairs at Viaducto TC, Juncos TC, La Muda, Canóvanas TC, Isla Grande GIS, Quebradillas, Morovis, CREA, Naranjito and Río Bayamón substations
- Replaced seven distribution breakers across Manatí, Ojo de Agua (two breakers), Peñuelas, Pajuil, Aguadilla, and Dos Bocas
- Replaced 230 kV transmission breakers in Guayama and Yabucoa, also replaced 38 kV breakers across Barceloneta (four breakers), Canóvanas, and Dorado
- Assessed over 90,000 meters in the field as part of the Advanced Metering Infrastructure (AMI) program, and executed a contract with a meter technology vendor

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Q2 FY2025 Financial Performance

As of December 31, 2024, LUMA has spent 52% of its annual operational and non-federally funded capital budgets.

Summary of Q2 of FY2025 Spending (\$ millions)¹

(\$ millions)

| | FY2025 Budget ^{2,3} | Q2 Budget ^{2,3} | Q2 Actuals ³ | YTD Budget ^{2,3} | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|------------------------------|--------------------------|-------------------------|---------------------------|--------------------------|--------------------------------|------------------|
| Transmission & Distribution | | | | | | | |
| Operating Expenditures | \$ 566.4 | \$ 138.9 | \$ 143.5 | \$ 272.0 | \$ 306.1 | \$ (34.1) | |
| Non-Federally Funded Capital Expenditures | \$ 125.6 | \$ 27.9 | \$ 25.2 | \$ 60.5 | \$ 53.2 | \$ 7.3 | |
| Subtotal³ | \$ 692.0 | \$ 166.9 | \$ 168.7 | \$ 332.6 | \$ 359.3 | \$ (26.8) | (8%) |
| Energy Efficiency Programs⁴ | \$ 5.8 | \$ 5.8 | \$ 2.2 | \$ 5.8 | \$ 5.8 | - | - |
| Federally Funded Expenditures⁵ | \$ 1,207.2 | \$ 281.9 | \$ 204.2 | \$ 497.5 | \$ 349.0 | \$ 148.6 | 30% |

Energy Consumption and Base Revenue

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

| | FY2025 Forecast | Q2 Forecast | Q2 Actuals | YTD Forecast | YTD Actuals | YTD Variance |
|--------------------------------------|-----------------|-------------|------------|--------------|-------------|--------------|
| Total Consumption (GWh) | 16,179 | 4,103 | 4,368 | 8,471 | 8,973 | 501 |
| Base Revenue (millions) ⁶ | \$ 1,151 | \$ 291 | \$ 301 | \$ 595 | \$ 603 | \$ 8 |

¹ Table reflects PREB's December 2, 2024, budget determination.

² FY2025 budget figures above include a 2% reserve for excess expenditures.

³ Figures in all tables have been rounded.

⁴ On October 23, 2024, PREB approved LUMA's request to rollover unspent Energy Efficiency (EE) program funds from FY2024 to increase the FY2025 programmatic budget. The total funding for EE in FY2025 is \$19.5 million, \$13.7 million from the EE rider, and \$5.8 million from the FY2024 rollover. To date, the O&M budget rolled over from FY2024 has been spent; any further expenditures will be covered by the EE rider. For more information, please refer to Case No. NEPR-MI-2022-0001.

⁵ Federally Funded Expenditures include Capital and General & Administrative charges.

⁶ Base revenue does not include revenue billed for fuel adjustment, purchased power, CILT, and subsidies.

Transmission & Distribution Operating Expenditures (\$ millions)

(\$ millions)

| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| Labor | | | | | | | |
| Salaries, Wages and Benefits | 268.8 | 64.8 | 76.7 | 123.7 | 165.2 | (41.5) | |
| Total Labor | \$ 268.8 | \$ 64.8 | \$ 76.7 | \$ 123.7 | \$ 165.2 | \$ (41.5) | (34%) |
| Non-Labor | | | | | | | |
| Materials & Supplies | 29.5 | 6.9 | 6.2 | 13.1 | 11.8 | 1.3 | |
| Transportation, Per Diem, and Mileage | 15.8 | 4.2 | 6.5 | 8.6 | 12.2 | (3.6) | |
| Property & Casualty Insurance | 22.7 | 5.6 | 4.6 | 11.3 | 8.9 | 2.4 | |
| Security | 8.0 | 2.0 | 3.0 | 4.0 | 4.2 | (0.2) | |
| IT Service Agreements | 29.5 | 7.2 | 6.7 | 14.9 | 13.0 | 1.9 | |
| Utilities & Rents | 9.6 | 2.4 | 2.3 | 4.9 | 5.2 | (0.3) | |
| Legal Services | 9.6 | 2.4 | 1.5 | 4.8 | 3.6 | 1.2 | |
| Communications Expenses | 1.4 | 0.3 | - | 0.7 | - | 0.7 | |
| Professional & Technical Outsourced Services | 99.6 | 25.1 | 25.3 | 50.4 | 57.1 | (6.7) | |
| Vegetation Management | 50.0 | 12.5 | 12.8 | 25.0 | 25.6 | (0.6) | |
| Other Miscellaneous Expenses ⁷ | 10.8 | 2.8 | (2.1) | 5.3 | (0.7) | 6.0 | |
| Total Non-Labor / Other Operating Expense | \$ 286.5 | \$ 71.4 | \$ 66.8 | \$ 143.0 | \$ 140.9 | \$ 2.1 | 1% |
| Subtotal | \$ 555.3 | \$ 136.2 | \$ 143.5 | \$ 266.7 | \$ 306.1 | \$ (39.4) | (15%) |
| 2% Reserve for Excess Expenditures | 11.1 | 2.7 | - | 5.3 | - | 5.3 | |
| Total Operating Expenditures | \$ 566.4 | \$ 138.9 | \$ 143.5 | \$ 272.0 | \$ 306.1 | \$ (34.1) | (13%) |

⁷ Negative figures accounts for true-up prior period accrued expenses and reclasses made for capital expenses that were categorized as operational expenses in previous quarters.

Operating Expenditures by Department

Customer Experience Operational Expenditures (\$ millions)

The Customer Experience Department is core to LUMA's mission to deliver customer-centric, reliable, resilient, safe, and sustainable electricity. By implementing appropriate communication protocols and standard billing and collection practices, LUMA has served customers courteously and effectively and created proactive customer-focused solutions.

| | (\$ millions) | | | | | | |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
| Labor | | | | | | | |
| Salaries, Wages and Benefits | 47.2 | 11.4 | 10.6 | 22.9 | 21.9 | 1.0 | |
| Total Labor | \$ 47.2 | \$ 11.4 | \$ 10.6 | \$ 22.9 | \$ 21.9 | \$ 1.0 | 4% |
| Non-Labor | | | | | | | |
| Materials & Supplies | 0.3 | - | - | 0.1 | - | 0.1 | |
| Transportation, Per Diem, and Mileage | 1.1 | 0.2 | 0.1 | 0.5 | 0.3 | 0.2 | |
| Property & Casualty Insurance | - | - | - | - | - | - | |
| Security | - | - | - | - | - | - | |
| IT Service Agreements | 0.3 | - | - | 0.1 | - | 0.1 | |
| Utilities & Rents | 0.3 | - | - | 0.1 | 0.1 | - | |
| Legal Services | 0.1 | - | - | - | - | - | |
| Communications Expenses | 0.1 | 0.1 | - | 0.1 | - | 0.1 | |
| Professional & Technical Outsourced Services | 34.8 | 8.9 | 9.2 | 17.8 | 20.4 | (2.6) | |
| Vegetation Management | - | - | - | - | - | - | |
| Other Miscellaneous Expenses ⁸ | 0.1 | 0.2 | (0.1) | 0.2 | (0.1) | 0.3 | |
| Total Non-Labor / Other Operating Expense | \$ 37.1 | \$ 9.4 | \$ 9.2 | \$ 18.9 | \$ 20.7 | \$ (1.8) | (10%) |
| Total Operating Expense | \$ 84.3 | \$ 20.8 | \$ 19.8 | \$ 41.8 | \$ 42.6 | \$ (0.8) | (2%) |

Key activities accomplished during Q2 FY2025:

- Launched a project that allows customers to have the option of preference to receive notifications for payment confirmation, outage reports, and claims regarding poles, streetlights, or tree trimming either through SMS, WhatsApp, or email
- Completed the configuration of planned outage notifications through the MiLUMA App for customers to receive notification of scheduled upgrades in their area that affect their service and any cancelation for a previously scheduled upgrade
- Completed more than 497,000 outbound calls that produced 8,564 customers enrolling in payment agreements, improving LUMA's overall collection efforts
- Processed and billed 301 energy irregularity cases, reduced unbilled service agreements to 1.08%, and achieved the highest autopay enrollment with 7,450 transactions processed for this quarter
- Enrolled more than 7,600 participants in the customer battery energy sharing initiative, representing a storage capacity of 40 MW, to increase the supply of energy available during peak demand, improving service reliability and minimizing load shed impacts
- Issued 1,795 financial rebates to residential customers for purchasing high-efficiency equipment totaling \$1.16 million and issued 40 financial rebates to commercial customers totaling \$93,091, reducing energy use and costs

The primary driver for the \$0.8 million unfavorable year-to-date variance for Customer Experience operating expenditures was higher than expected professional and technical services expenses related to process development activities and increased payment processing costs like bank transaction fees due to a higher percentage of customers transitioning to electronic payments.

⁸ Negative figures accounts for true-up prior period accrued expenses.

Operations Operating Expenditures (\$ millions)

The Operations Department oversees and manages the day-to-day work on the Transmission and Distribution (T&D) infrastructure, critical to providing safe and reliable electric service to all 1.5 million customers. Overall, the highest priority of LUMA's operations is the safety of our customers and our workforce while addressing maintenance and repairs to improve overall reliability and resiliency.

(\$ millions)

| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| Labor | | | | | | | |
| Salaries, Wages and Benefits | 129.9 | 30.1 | 41.6 | 55.5 | 87.0 | (31.5) | |
| Total Labor | \$ 129.9 | \$ 30.1 | \$ 41.6 | \$ 55.5 | \$ 87.0 | \$ (31.5) | (57%) |
| Non-Labor | | | | | | | |
| Materials & Supplies | 16.0 | 3.5 | 3.6 | 6.3 | 7.0 | (0.7) | |
| Transportation, Per Diem, and Mileage | 6.8 | 2.0 | 4.5 | 4.2 | 8.7 | (4.5) | |
| Property & Casualty Insurance | - | - | - | - | - | - | |
| Security | - | - | - | - | - | - | |
| IT Service Agreements | 0.7 | 0.1 | - | 0.5 | - | 0.5 | |
| Utilities & Rents | 1.3 | 0.4 | 0.4 | 0.8 | 1.0 | (0.2) | |
| Legal Services | - | - | - | - | - | - | |
| Communications Expenses | 0.2 | - | 0.1 | 0.1 | 0.1 | - | |
| Professional & Technical Outsourced Services | 17.0 | 4.2 | 3.0 | 8.4 | 9.4 | (1.0) | |
| Vegetation Management | 50.0 | 12.5 | 12.8 | 25.0 | 25.6 | (0.6) | |
| Other Miscellaneous Expense ⁹ | 1.4 | 0.3 | (0.1) | 0.5 | 0.1 | 0.4 | |
| Total Non-Labor / Other Operating Expense | \$ 93.4 | \$ 23.0 | \$ 24.3 | \$ 45.8 | \$ 51.9 | \$ (6.1) | (13%) |
| Total Operating Expense | \$ 223.3 | \$ 53.1 | \$ 65.9 | \$ 101.3 | \$ 138.9 | \$ (37.6) | (37%) |

Key activities accomplished during Q2 FY2025:

- Completed 95 coordinated planned outages for preventive maintenance and system upgrades, completed 287 corrections, which included repairs to 53 hot spots using thermography, conductors, bridges, insulators, etc., focusing on system preventive maintenance that will enhance the system's capacity and support future energy demands
- Managed 17,762 emergency and outage events and addressed 7,215 voltage complaint claims
- Replaced twelve 38 kV and two 115 kV structures to ensure reliable electrical service and maintain system integrity
- Completed vegetation management across 369 right-of-way miles, including 135 miles of distribution lines and 234 miles of transmission lines, and started the seventh round of substation proactive vegetation control
- Upgraded insulated hardware in one hundred nineteen 38 kV line structures, thirty-four 115 kV line structures, and four 230 kV line structures
- Completed 537 industrial and commercial inspections of the metering system to verify meter programming, accuracy, and wiring; additionally, recycled and reinstated 3,832 meters into inventory

The \$37.6 million unfavorable year-to-date variance in Operations' operating expenditures stemmed primarily from higher-than-expected salaries, wages, and benefits. The increase resulted from a larger-than-expected allocation of labor resources to operations, maintenance, and restoration activities supporting the Santa Isabel transformer replacement and Tropical Storm Ernesto, as well as higher-than-expected costs for professional and technical outsourced services due to transportation and rental expenses related to these efforts. Furthermore, transportation, per diem, and mileage costs were higher than expected because, after implementing the new time recording enhancements system, every department records their vehicle usage expenses in their budget instead of the Support Services Department, where they were initially budgeted.

⁹ Negative figure accounts for reclasses made for capital expenses that were categorized as operational expenses in previous quarters.

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 December 31, 2024 ¹² |
|---|---|
| Utility electrician | 110 |
| Apprentice underground technician | 30 |
| Underground Technician | 6 |
| Apprentice substation technician ¹¹ | 63 |
| Substation technician ¹⁰ | 34 |
| Senior substation technician ¹⁰ | 24 |
| Meter technicians | 26 |
| Low-voltage technician | 109 |
| Foreman ¹⁰ | 97 |
| Foreman - low voltage | 34 |
| Apprentice lineworker, 1st period | 11 |
| Apprentice lineworker, 2nd period | 18 |
| Apprentice lineworker, 3rd period | 27 |
| Apprentice lineworker, 4th period ¹¹ | 37 |
| Apprentice lineworker, 5th period ¹¹ | 45 |
| Apprentice lineworker, 6th period ¹¹ | 32 |
| Apprentice lineworker, 7th period ¹¹ | 30 |
| Journeyman lineworker ¹⁰ | 344 |
| Total | 1077 |

LUMA budgeted 1,651 full-time electrical utility field workers for FY2025. As of December 31, 2024, LUMA's roster included 1,077 electric field workers. LUMA consistently monitors workforce metrics to ensure turnover remains within acceptable limits and persistently enhances strategies to attract and retain top talent. To that end, LUMA continues to hire, train, and develop electrical utility field workers to meet the requirements of the T&D System.

We keep developing our recruitment efforts to target continuous search through our hiring platform to be able to hire qualified candidates who can join LUMA and start working on the system immediately. In addition, we have prioritized strengthening the apprenticeship program with recruitment efforts to increase the number of candidates who will become full journeymen within a determined period. LUMA is committed to developing the best talent for business purposes and developing leaders who can assess apprentices in the line of work. During November and December, we conducted multiple interviews to select the candidates for the new Apprenticeship program, which begins in January 2025.

¹⁰ Electrical utility field workers qualified to work on energized lines

¹¹ Electrical utility field workers qualified to work on energized lines under the supervision of a journeyman line worker or journeyman substation technician

¹² The figures include the number of full-time employees but do not include groundmen, operators, and laborers who support electrical utility field workers.

Utility Transformation Operating Expenditures (\$ 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. The department supports key initiatives defined in the System Remediation Plan and focuses on the long-range vision articulated in the Integrated Resource Plan.

(\$ millions)

| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| Labor | | | | | | | |
| Salaries, Wages and Benefits | 21.5 | 5.4 | 10.1 | 10.7 | 25.4 | (14.7) | |
| Total Labor | \$ 21.5 | \$ 5.4 | \$ 10.1 | \$ 10.7 | \$ 25.4 | \$ (14.7) | (137%) |
| Non-Labor | | | | | | | |
| Materials & Supplies | 1.5 | 0.4 | 0.5 | 0.8 | 1.5 | (0.7) | |
| Transportation, Per Diem, and Mileage | 1.8 | 0.5 | 1.2 | 0.9 | 2.9 | (2.0) | |
| Property & Casualty Insurance | - | - | - | - | - | - | |
| Security | - | - | - | - | - | - | |
| IT Service Agreements | 0.1 | - | - | - | - | - | |
| Utilities & Rents | 1.4 | 0.4 | 0.3 | 0.7 | 0.9 | (0.2) | |
| Legal Services | - | - | 0.2 | - | 0.2 | (0.2) | |
| Communications Expenses | - | - | - | - | - | - | |
| Professional & Technical Outsourced Services | 2.0 | 0.5 | 0.6 | 1.0 | 2.4 | (1.4) | |
| Vegetation Management | - | - | - | - | - | - | |
| Other Miscellaneous Expenses | 1.7 | 0.3 | - | 0.8 | - | 0.8 | |
| Total Non-Labor / Other Operating Expense | \$ 8.5 | \$ 2.1 | \$ 2.8 | \$ 4.2 | \$ 7.9 | \$ (3.7) | (88%) |
| Total Operating Expense | \$ 30.0 | \$ 7.5 | \$ 12.9 | \$ 14.9 | \$ 33.3 | \$ (18.4) | (123%) |

Key activities accomplished during Q2 FY2025:

- Continued implementation of the two-year stabilization plan, identifying critical system constraints and corresponding mitigation and contingency actions; critical materials related to the plan were identified and prioritized to focus on expediting its implementation
- Configured the next phase of the launch of our asset management software with data for our major substation assets, to improve operation effectiveness by monitoring and remediating risks promptly
- Implemented various initiatives and events to enhance community impact through our internship program, which included more than 125 interns. Educated community members and stakeholders about building a clean and resilient energy system for Puerto Rico by hosting a Winter poster roadshow where students showcased their work completed during their internship at LUMA
- Processed 48 third-party attachment (TPA) applications requesting to attach their lines to 3,900 of our poles and collected application fees totaling \$14,965
- Continued improvements to the Emergency Response Plan, including a new damage assessment section and definition of new roles within planning and intelligence related to disaster management, to enable a more efficient restoration of electric service for customers, more accurate reporting to our regulators, and categorization of a disaster event

The \$18.4 million unfavorable year-to-date variance in Utility Transformation's operating expenditures was primarily driven by higher-than-expected salaries, wages, and benefits from allocating labor resources to restoration activities, predominantly in response to Tropical Storm Ernesto. The unfavorable variance was also due to higher-than-expected professional and technical outsourced services expenses, particularly those related to third-party attachments.

Support Services Operating Expenditures (\$ millions)

LUMA's Support Service functions enable electric service delivery 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 imperative to LUMA's success in meeting its mission and achieving its key goals.

(\$ millions)

| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|-------------------------------|---------------------------|----------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| Labor | | | | | | | |
| Salaries, Wages and Benefits | 70.2 | 17.9 | 14.4 | 34.6 | 30.9 | 3.7 | |
| Total Labor | \$ 70.2 | \$ 17.9 | \$ 14.4 | \$ 34.6 | \$ 30.9 | \$ 3.7 | 11% |
| Non-Labor | | | | | | | |
| Materials & Supplies | 11.7 | 3.0 | 2.1 | 5.9 | 3.3 | 2.6 | |
| Transportation, Per Diem, and Mileage | 6.1 | 1.5 | 0.7 | 3.0 | 0.3 | 2.7 | |
| Property & Casualty Insurance | 22.7 | 5.6 | 4.6 | 11.3 | 8.9 | 2.4 | |
| Security | 8.0 | 2.0 | 3.0 | 4.0 | 4.2 | (0.2) | |
| IT Service Agreements | 28.4 | 7.1 | 6.7 | 14.3 | 13.0 | 1.3 | |
| Utilities & Rents | 6.6 | 1.6 | 1.6 | 3.3 | 3.2 | 0.1 | |
| Legal Services | 9.5 | 2.4 | 1.3 | 4.8 | 3.4 | 1.4 | |
| Communications Expenses ⁸ | 1.1 | 0.2 | (0.1) | 0.5 | (0.1) | 0.6 | |
| Professional & Technical Outsourced Services | 45.8 | 11.5 | 12.5 | 23.2 | 24.9 | (1.7) | |
| Vegetation Management | - | - | - | - | - | - | |
| Other Miscellaneous Expenses ¹³ | 7.6 | 2.0 | (1.9) | 3.8 | (0.7) | 4.5 | |
| Total Non-Labor / Other Operating Expense | \$ 147.5 | \$ 36.9 | \$ 30.5 | \$ 74.1 | \$ 60.4 | \$ 13.7 | 18% |
| Total Operating Expense | \$ 217.7 | \$ 54.8 | \$ 44.9 | \$ 108.7 | \$ 91.3 | \$ 17.4 | 16% |

Key activities accomplished during Q2 FY2025:

- Filed 85 documents with the PREB on topics including vegetation management, compliance with the emergency response plan, initial budgets, electric vehicles, federal funding, and permanent rate, among others
- Negotiated and received approval from the Energy Bureau for four new standard offer agreements¹⁴ for the Accelerated Storage Addition Program with four existing generators to deploy new battery energy storage systems, which would add 110 MW of battery storage capacity at approximately half the cost and timeline of the tranche projects
- Executed the insurance collaboration agreement with PREPA to reduce premium costs, simplify claims processes, and increase operational optimization through a unified insurance framework
- Provided 9,690 hours of on-the-job training for LUMA personnel related to first aid, cardiopulmonary resuscitation, automated external defibrillator, personal protective equipment, ergonomics, and general safety, among others
- Completed the installation of new system-required software to upgrade the Occularis (closed-circuit television) and Honeywell (electronic access control) applications
- Submitted the first interim filing of the 2025 Integrated Resource Plan, which included the preliminary results of scenarios one to four, including assumptions and fixed decisions; the filing also included a section summarizing the available information on the existing condition of the transmission and distribution facilities and a description of planned improvements of the transmission facilities

The primary drivers of the \$17.4 million year-to-date favorable variance for Support Services operating expenditures were lower-than-expected miscellaneous expenses related to tax credit savings, lower Property and Casualty Insurance fees, and lower transportation, materials, and labor expenses because every department took over vehicle usage expenses after implementing the new time recording enhancements system. Additionally, salaries, wages, and benefits were lower due to labor cost savings from extending the shared services agreement.

¹³ Negative figures accounts for tax credit savings and true-up prior period accrued expenses

¹⁴ A standard offer agreement is defined as a value proposition available to all existing independent power producers, enabling non-discriminatory pricing and service offers.

FY2025 Improvement Programs

On June 1, 2021, LUMA assumed operations of Puerto Rico's electric T&D system, inheriting a precarious, mismanaged, and neglected electric system in extreme despair. Since the grid could not be operated immediately under minimum industry standards and prudent utility practice, LUMA assessed the grid's state and designed Improvement Programs¹⁵ to address the gaps identified before commencing operations. Most programs are designed to bring the utility's operations and assets up to a minimum industry standard as part of the System Remediation Plan. Each Improvement Program spending includes operating expenditures and capital costs within the FY2025 budget. For each Improvement Program listed below, LUMA includes key activities for the quarter and a variance explanation for year-to-date spending. Unless otherwise noted, no variance in achieving program milestones is expected.

Improvement Portfolio Summary (\$ millions)

(\$ millions)

| Portfolio | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|----------------------------|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Customer Experience | 383.5 | 96.3 | 75.8 | 164.4 | 119.3 | 45.1 | 27% |
| Distribution | 309.4 | 67.1 | 42.9 | 129.3 | 83.2 | 46.1 | 36% |
| Transmission | 119.7 | 36.5 | 18.4 | 56.5 | 47.8 | 8.7 | 15% |
| Substation | 139.1 | 30.2 | 29.0 | 59.7 | 55.5 | 4.3 | 7% |
| Control Center & Buildings | 33.9 | 9.1 | 2.7 | 17.8 | 5.5 | 12.3 | 69% |
| Enabling | 378.4 | 71.8 | 76.7 | 141.7 | 121.7 | 20.1 | 14% |
| Support Services | 30.9 | 15.1 | 1.8 | 22.4 | 5.5 | 16.9 | 75% |
| Total | \$ 1,394.9 | \$ 326.0 | \$ 247.3 | \$ 591.9 | \$ 438.5 | 153.4 | 26% |

¹⁵ LUMA developed these programs in late 2020. Subsequently, the P3 Authority and the Energy Bureau reviewed and approved them 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, the Energy Bureau has reviewed and approved specific project initial scopes of work for federally funded projects in docket NEPR-MI-2021-0002. The Puerto Rico Energy Bureau's website has detailed information on the budget, the System Remediation Plan, and implementing federally funded capital investments for the corresponding dockets.

Capital Expenditure by Funding

Transmission & Distribution Capital Expenditures – Federally Funded

(\$ millions)

| Improvement Portfolio | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|------------------------------------|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Customer Experience | 351.6 | 88.1 | 71.3 | 147.7 | 111.2 | 36.5 | |
| Distribution | 273.9 | 61.1 | 34.6 | 117.3 | 67.5 | 49.8 | |
| Transmission | 113.8 | 35.1 | 17.0 | 53.6 | 46.1 | 7.5 | |
| Substations | 119.0 | 25.1 | 21.8 | 49.7 | 44.4 | 5.3 | |
| Control Center & Buildings | 28.9 | 7.9 | 1.8 | 15.3 | 4.0 | 11.3 | |
| Enabling | 278.6 | 48.7 | 57.7 | 88.5 | 75.7 | 12.8 | |
| Support Services | 17.7 | 10.5 | 0.0 | 15.8 | 0.1 | 15.7 | |
| Subtotal | \$ 1,183.5 | \$ 276.4 | \$ 204.2 | \$ 487.8 | \$ 349.0 | \$ 138.8 | 28% |
| Other | | | | | | | |
| 2% Reserve for Excess Expenditures | 23.7 | 5.5 | - | 9.8 | - | 9.8 | |
| Total Capital Expenditures | \$ 1,207.2 | \$ 281.9 | \$ 204.2 | \$ 497.5 | \$ 349.0 | \$ 148.6 | 30% |

Transmission & Distribution Capital Expenditures – Non-Federally Funded

(\$ millions)

| Improvement Portfolio | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|------------------------------------|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Customer Experience | 25.2 | 6.4 | 4.0 | 12.8 | 8.3 | 4.5 | |
| Distribution | 35.4 | 6.0 | 8.3 | 12.0 | 15.7 | (3.7) | |
| Transmission | 5.9 | 1.5 | 1.4 | 2.9 | 1.7 | 1.3 | |
| Substations | 19.8 | 4.9 | 7.3 | 9.9 | 10.9 | (1.0) | |
| Control Center & Buildings | 3.5 | 0.9 | 0.7 | 1.8 | 1.3 | 0.5 | |
| Enabling | 24.6 | 4.2 | 2.2 | 15.6 | 12.1 | 3.5 | |
| Support Services | 8.8 | 3.4 | 1.2 | 4.4 | 3.3 | 1.2 | |
| Subtotal | \$ 123.2 | \$ 27.4 | \$ 25.2 | \$ 59.4 | \$ 53.2 | \$ 6.1 | 10% |
| Other | | | | | | | |
| 2% Reserve for Excess Expenditures | 2.5 | 0.5 | - | 1.2 | - | 1.2 | |
| Total Capital Expenditures | \$ 125.6 | \$ 27.9 | \$ 25.2 | \$ 60.5 | \$ 53.2 | \$ 7.3 | 12% |

Customer Experience Improvement Portfolio Summary (\$ millions)

The **Customer Experience Improvement Portfolio** focuses on enhancing customer experience, including the Distribution Streetlighting program and the Advanced Metering Infrastructure Implementation program.

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|---|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Distribution Streetlighting | \$ 203.6 | \$ 59.7 | \$ 26.8 | \$ 94.5 | \$ 61.0 | \$ 33.5 | |
| Federally Funded | 203.6 | 59.7 | 26.8 | 94.5 | 61.0 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | 81.4 | 23.9 | 10.7 | 37.8 | 24.4 | | |
| AMI Implementation Program | \$ 148.0 | \$ 28.4 | \$ 44.5 | \$ 53.2 | \$ 50.2 | \$ 3.0 | |
| Federally Funded | 148.0 | 28.4 | 44.5 | 53.2 | 50.2 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | - | - | - | - | - | | |
| Programs <5% of Portfolio Total | \$ 32.0 | \$ 8.2 | \$ 4.5 | \$ 16.8 | \$ 8.2 | \$ 8.6 | |
| Federally Funded | - | - | (0.0) | - | (0.0) | | |
| Non-Federally Funded | 25.2 | 6.4 | 4.0 | 12.8 | 8.3 | | |
| OpEx | 6.8 | 1.7 | 0.5 | 4.0 | (0.1) | | |
| SRP | 3.6 | 1.1 | (0.0) | 2.6 | 0.4 | | |
| Total | \$ 383.5 | \$ 96.3 | \$ 75.8 | \$ 164.4 | \$ 119.3 | \$ 45.1 | 27% |

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q2 FY2025 activities included repairing more than 7,300 streetlights and the replacement of more than 2,200 poles in the municipalities of Adjuntas, Aguada, Aguadilla, Aibonito, Añasco, Arroyo, Carolina, Cataño, Cidra, Coamo, Comerío, Corozal, Dorado, Guánica, Gurabo, Hatillo, Jayuya, Lajas, Luquillo, Manatí, Maunabo, Mayagüez, Naguabo, Orocovis, Salinas, San Germán, Trujillo Alto, Villalba, and Yabucoa; and adding five contractors to increase production. The total spending year-to-date was lower than expected, as we replaced fewer streetlights than anticipated due to the timing of contract approvals.

The **Advanced Metering Infrastructure Implementation** program establishes a two-way communication system to collect detailed metering information throughout the utility's service territory. It represents a foundational technology to enable enhanced resiliency and reliability. This program will install approximately 1.5 million smart meters to build a digital communications network and integrate a head end and meter data management system. Key Q2 FY2025 activities included conducting pre-deployment walk-downs that resulted in completing more than 90,000-meter field assessments and verifying and correcting meter-to-transformer connection relationships; starting testing meter models integration and functionality to the system; and executing contracts with a meter technology vendor and two systems integrators. The total spending year-to-date was lower than expected due to the procurement and contracting negotiation timing.

Distribution Improvement Portfolio Summary (\$ millions)

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

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|---|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Distribution Line Rebuild | \$ 122.1 | \$ 16.4 | \$ 8.4 | \$ 42.9 | \$ 17.9 | \$ 25.0 | |
| Federally Funded | 109.6 | 14.6 | 7.4 | 39.1 | 15.8 | | |
| Non-Federally Funded | 12.5 | 1.9 | 1.0 | 3.7 | 2.1 | | |
| OpEx | - | - | - | - | (0.0) | | |
| SRP | 100.4 | 14.8 | 6.9 | 37.8 | 14.7 | | |
| Distribution Automation | \$ 103.9 | \$ 24.1 | \$ 13.7 | \$ 42.0 | \$ 25.7 | \$ 16.3 | |
| Federally Funded | 90.0 | 21.8 | 11.3 | 37.5 | 23.2 | | |
| Non-Federally Funded | 13.9 | 2.2 | 2.4 | 4.5 | 2.6 | | |
| OpEx | - | - | - | - | - | | |
| SRP | - | - | - | - | - | | |
| Distribution Pole & Conductor Repair | \$ 71.7 | \$ 24.4 | \$ 18.6 | \$ 39.8 | \$ 35.8 | \$ 4.0 | |
| Federally Funded | 62.7 | 22.6 | 13.7 | 36.1 | 24.8 | | |
| Non-Federally Funded | 9.0 | 1.9 | 4.9 | 3.8 | 11.1 | | |
| OpEx | - | - | - | - | - | | |
| SRP | 32.0 | 11.1 | 8.3 | 18.0 | 16.0 | | |
| Programs <5% of Portfolio Total | \$ 11.6 | \$ 2.1 | \$ 2.2 | \$ 4.6 | \$ 3.8 | \$ 0.8 | |
| Federally Funded | 11.6 | 2.1 | 2.2 | 4.6 | 3.8 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | 5.6 | 1.0 | 1.0 | 2.2 | 1.8 | | |
| Total | \$ 309.4 | \$ 67.1 | \$ 42.9 | \$ 129.3 | \$ 83.2 | \$ 46.1 | 36% |

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 enhance service reliability and resiliency to critical customers. Key Q2 FY2025 activities included completing the detailed engineering for the seven underground feeders and the development of the detailed SOWs of 42 high-priority overhead feeders. The total spending year-to-date was lower than expected due to the additional time required to refine and optimize project designs.

The **Distribution Automation** program focuses on deploying distribution automation equipment. This includes installing intelligent switch fuses, fault indicators, and reclosers on select feeders to reduce the number of customers involved per outage occurrence. The program also consists of engineering activities to enable the deployment of said equipment. Key Q2 FY2025 activities included installing 886 circuit fault indicators, 303 fuse optimizations, and two 3-phase reclosers. We also completed protection settings for 63 feeders and performed a reliability analysis on 126 feeders. In addition, LUMA completed work order packages for 1,427 devices. The total spending year-to-date was lower than expected because fewer reclosers than anticipated were installed due to the timing of federal funding obligation. The installation of the communicating fault circuit indicators (CFCIs) devices milestone has been delayed due to the timing of funding obligations. LUMA will update the completion date of this milestone once the project has funds obligated.

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. Key Q2 FY2025 activities included installing more than 700 poles and obtaining funding for five projects covering 1,834 poles. The total spending year-to-date was lower than expected due to federal funding obligation timing, limitations in contractor resources, and challenges in obtaining municipal permits.

Transmission Improvement Portfolio Summary (\$ millions)

The **Transmission Improvement Portfolio** focuses on improving system recovery, resilience, and transformation through Transmission Line Rebuild, Transmission Priority Pole Replacements, and IT OT Telecom Systems & Networks.

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Transmission Line Rebuild | \$ 67.6 | \$ 26.4 | \$ 9.8 | \$ 34.4 | \$ 22.9 | \$ 11.5 | |
| Federally Funded | 66.7 | 26.2 | 9.6 | 34.0 | 22.4 | | |
| Non-Federally Funded | 0.9 | 0.2 | 0.2 | 0.4 | 0.5 | | |
| OpEx | - | - | - | - | - | | |
| SRP | 66.7 | 26.0 | 9.7 | 34.0 | 22.6 | | |
| Transmission Priority Pole Replacements | \$ 26.3 | \$ 4.8 | \$ 2.5 | \$ 12.2 | \$ 13.6 | \$ (1.4) | |
| Federally Funded | 21.3 | 3.5 | 1.9 | 9.7 | 13.0 | | |
| Non-Federally Funded | 5.0 | 1.3 | 0.6 | 2.5 | 0.6 | | |
| OpEx | - | - | - | - | - | | |
| SRP | 21.3 | 3.9 | 2.0 | 9.9 | 11.0 | | |
| IT OT Telecom Systems & Network | \$ 22.9 | \$ 4.6 | \$ 6.1 | \$ 8.4 | \$ 11.3 | \$ (2.9) | |
| Federally Funded | 22.9 | 4.6 | 5.5 | 8.4 | 10.7 | | |
| Non-Federally Funded | - | - | 0.6 | - | 0.6 | | |
| OpEx | - | - | - | - | - | | |
| SRP | 22.9 | 4.6 | 6.1 | 8.4 | 11.3 | | |
| Programs <5% of Portfolio Total | \$ 2.9 | \$ 0.7 | \$ 0.0 | \$ 1.5 | \$ 0.0 | \$ 1.4 | |
| Federally Funded | 2.9 | 0.7 | 0.0 | 1.5 | 0.0 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | - | - | - | - | - | | |
| Total | \$ 119.7 | \$ 36.5 | \$ 18.4 | \$ 56.5 | \$ 47.8 | \$ 8.7 | 15% |

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading the 230 kV, 115 kV, and 38 kV transmission infrastructure. Key Q2 FY2025 activities included working with the Central Office for Recovery, Reconstruction and Resiliency and the Federal Emergency Management Agency (FEMA) to advance the review of the Environmental and Historical Preservation process. FEMA is developing a comprehensive tool that, once completed, will streamline the Environmental and Historical Preservation review process, however, it is anticipated this effort will take approximately one year or more to complete. While FEMA develops this tool, we work with the Central Office for Recovery, Reconstruction and Resiliency, and FEMA on five prioritized transmission lines rebuilds, including the associated vegetation clearing. The total spending year-to-date was lower than expected due to the additional time required to complete the review and approval efforts of the Environmental and Historical Preservation process.

The **Transmission Priority Pole Replacement** program includes replacing damaged overhead transmission poles, towers, and associated hardware and conductors. Key Q2 FY2025 activities included replacing eight pole structures in Arecibo, Vega Alta, San Juan, Naguabo, and Yabucoa and performing six critical repairs on lines 3000, 3700, and 2200 in Juncos, Arroyo, and Guayama, respectively. In addition, LUMA completed work order packages for 41 pole structures. The total spending year-to-date was higher than expected due to the additional support required for the cost recovery process.

The **IT OT Telecom Systems & Network** program includes investments to improve the systems that carry T&D and substation IT OT data. Key Q2 FY2025 activities included completing high-level design specifications to support the procurement process for the transport network, which included the development of specifications for routers/switches, firewall, the dense wavelength division multiplexer, the tele-protection design, and six equipment specifications and standards. We also completed 13 network equipment installations and began fiber repairs supporting the Telecom Internet Protocol (IP) Control Network Resiliency initiative. The total spending year-to-date was higher than expected due to the completion of more site walk-downs and the additional support for developing the fiber optic versus field area network business strategy and the mobile voice strategy.

Substations Improvement Portfolio Summary (\$ millions)

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

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|---|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Substation Rebuilds | \$ 89.0 | \$ 17.8 | \$ 16.6 | \$ 34.5 | \$ 37.4 | \$ (2.9) | |
| Federally Funded | 89.0 | 17.8 | 13.8 | 34.5 | 32.2 | | |
| Non-Federally Funded | - | - | 2.8 | - | 5.2 | | |
| OpEx | - | - | - | - | - | | |
| SRP | 46.7 | 9.3 | 8.7 | 18.1 | 19.6 | | |
| Substation Reliability | \$ 45.2 | \$ 11.2 | \$ 12.4 | \$ 22.8 | \$ 17.6 | \$ 5.2 | |
| Federally Funded | 25.8 | 6.4 | 8.0 | 13.1 | 11.8 | | |
| Non-Federally Funded | 19.3 | 4.8 | 4.5 | 9.7 | 5.8 | | |
| OpEx | - | - | (0.0) | - | 0.0 | | |
| SRP | - | - | - | - | - | | |
| Programs <5% of Portfolio Total | \$ 5.0 | \$ 1.1 | \$ 0.0 | \$ 2.5 | \$ 0.5 | \$ 2.0 | |
| Federally Funded | 4.1 | 0.9 | 0.0 | 2.0 | 0.4 | | |
| Non-Federally Funded | 0.4 | 0.1 | 0.0 | 0.2 | (0.1) | | |
| OpEx | 0.4 | 0.1 | - | 0.2 | 0.2 | | |
| SRP | 4.1 | 0.9 | 0.0 | 2.0 | 0.4 | | |
| Total | \$ 139.1 | \$ 30.2 | \$ 29.0 | \$ 59.7 | \$ 55.5 | \$ 4.3 | 7% |

The **Substation Rebuilds** program focuses on improving T&D substations to strengthen the electric grid. Key Q2 FY2025 activities included replacing the transformer in the Hato Rey and Santa Isabel substations, energizing a 115 kV breaker at the Aguirre substation, and continuing minor repair projects (fence replacement, roof repairs, painting, physical security upgrades) across Viaducto, Juncos, La Muda, Canóvanas, Isla Grande, Quebradillas, Morovis, CREA, Naranjito, and Río Bayamón substations. The total spending year-to-date was higher than expected due to a transformer that failed in the Hato Rey Substation, which required immediate replacement.

The **Substation Reliability** program includes upgrading and reinforcing the existing and aging system infrastructure to improve system reliability. Key Q2 FY2025 activities included completing five substation field assessments and replacing seven distribution breakers across Manatí, Ojo de Agua (two breakers), Peñuelas, Pajuil, Aguadilla, Dos Bocas, eight transmission breakers across Guayama, Yabucoa, Barceloneta (four breakers), Canóvanas and Dorado, two supervisory control and data acquisition remote access units, and 17 transmission and distribution relays. LUMA also completed four remote terminal unit installations in Yabucoa, Utuado, Combate, and Rincón. The total spending year-to-date was lower than expected because the department diverted resources to support emergency work for Tropical Storm Ernesto in the first quarter.

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 while meeting applicable regulations through Facilities Development & Implementation, Critical Energy Management System Upgrades, and Control Center Construction & Refurbishment.

(\$ millions)

| Program | FY2025 Budget ¹ | Q2 Budget ¹ | Q2 Actuals ¹ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|--|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Facilities Development & Implementation | \$ 15.0 | \$ 3.7 | \$ 0.8 | \$ 7.5 | \$ 1.4 | \$ 6.1 | |
| Federally Funded | 11.0 | 2.8 | (0.0) | 5.5 | 0.0 | | |
| Non-Federally Funded | 3.0 | 0.8 | 0.7 | 1.5 | 1.2 | | |
| OpEx | 1.0 | 0.2 | 0.1 | 0.5 | 0.2 | | |
| SRP | 13.9 | 3.5 | 0.8 | 7.0 | 1.3 | | |
| Critical Energy Management System Upgrades | \$ 12.6 | \$ 3.9 | \$ 1.4 | \$ 7.9 | \$ 2.8 | \$ 5.0 | |
| Federally Funded | 12.2 | 3.8 | 1.4 | 7.6 | 2.8 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | 0.5 | 0.1 | 0.0 | 0.2 | 0.0 | | |
| SRP | 8.9 | 2.8 | 1.0 | 5.5 | 2.0 | | |
| Control Center Construction & Refurbishment | \$ 5.7 | \$ 1.3 | \$ 0.5 | \$ 2.2 | \$ 1.2 | \$ 0.8 | |
| Federally Funded | 5.7 | 1.3 | 0.5 | 2.2 | 1.2 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | 4.6 | 1.0 | 0.4 | 1.7 | 1.0 | | |
| Programs <5% of Portfolio Total | \$ 0.6 | \$ 0.1 | \$ 0.0 | \$ 0.3 | \$ 0.1 | \$ 0.2 | |
| Federally Funded | 0.0 | 0.0 | - | 0.0 | - | | |
| Non-Federally Funded | 0.5 | 0.1 | 0.0 | 0.3 | 0.1 | | |
| OpEx | - | - | - | - | - | | |
| SRP | - | - | - | - | - | | |
| Total | \$ 33.9 | \$ 9.1 | \$ 2.7 | \$ 17.8 | \$ 5.5 | \$ 12.3 | 69% |

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q2 FY2025 activities included finalizing the replacement of power transformers of the NEOS building in Santurce, reorganizing the fiscal year plan prioritizing safety-related projects, continuing periodical inspection of all facilities to prioritize operating and maintenance resources, and starting the planning and programming of future year projects. Total spending was lower than expected because federal projects remained in the planning phase.

The **Critical Energy Management System Upgrades** program will replace obsolete and unsupported energy management systems and add relevant technology to operate the electric system safely and reliably. Key activities for Q2 FY2025 included continuing the conversion of supervisory control and data acquisition databases and displays, starting testing for field equipment connectivity, completing the contract amendment for the purchase of telecom equipment to support Control Data Corporation communications, continuing work to convert the protocol of remote terminal units from control data corporation distributed network protocol three, and completing and executing a contract to support implementation services of the energy management system. Total spending was lower than expected due to the project's start date shift and the ability to adjust resource plans to utilize lower-cost resources.

The **Control Center Construction & Refurbishment** program focuses on constructing or refurbishing buildings to house the primary and backup control centers and all ancillary support services. Key Q2 FY2025 activities included responding to FEMA's collaboration requests for the tiered environmental assessment process and addressing potential adverse impacts on potential historic districts from the FEMA State Historic Preservation Officer by developing appropriate mitigation responses. Total spending was lower than expected because the work required to complete the environmental assessment—which is currently underway—was less than planned. FEMA provided LUMA with key milestones, setting a target of March 2025 for the public notice of the assessment document.

Enabling Improvement Portfolio Summary (\$ millions)

The **Enabling Improvement Portfolio** of investment projects focuses on safety and operational excellence through Vegetation Management, Microgrid, Phasor Measurement Units, Battery Energy Storage Installations and Integration, T&D Fleet, Compliance and Studies, and Asset Data Integrity programs.

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance (\$) ³ | YTD Variance (%) |
|---|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|--------------------------------|------------------|
| Vegetation Management and Capital Clearing Implementation² | \$ 208.2 | \$ 39.6 | \$ 24.8 | \$ 76.4 | \$ 41.4 | \$ 35.0 | |
| Federally Funded | 158.2 | 27.1 | 12.0 | 51.4 | 15.8 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | 50.0 | 12.5 | 12.8 | 25.0 | 25.6 | | |
| SRP | 158.2 | 30.1 | 18.8 | 58.1 | 30.7 | | |
| Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integrations | \$ 70.0 | \$ 8.9 | \$ 2.0 | \$ 13.2 | \$ 4.0 | \$ 9.2 | |
| Federally Funded | 70.0 | 8.9 | 2.0 | 13.2 | 4.0 | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | - | - | - | - | - | | |
| SRP | - | - | - | - | - | | |
| T&D Fleet | \$ 34.6 | \$ 6.5 | \$ 4.0 | \$ 20.5 | \$ 15.5 | \$ 5.0 | |
| Federally Funded | - | - | 0.0 | - | 0.0 | | |
| Non-Federally Funded | 10.6 | 0.5 | 0.0 | 8.5 | 7.2 | | |
| OpEx | 24.0 | 6.0 | 4.0 | 12.0 | 8.3 | | |
| SRP | 8.0 | 1.5 | 0.9 | 4.7 | 3.6 | | |
| Compliance & Studies | \$ 31.2 | \$ 8.1 | \$ 8.6 | \$ 15.7 | \$ 20.0 | \$ (4.2) | |
| Federally Funded | 28.3 | 7.1 | 7.8 | 14.2 | 18.2 | | |
| Non-Federally Funded | 2.9 | 1.0 | 0.9 | 1.6 | 1.7 | | |
| OpEx | - | - | (0.1) | - | 0.0 | | |
| SRP | 20.1 | 5.2 | 5.6 | 10.2 | 13.4 | | |
| Asset Data Integrity | \$ 26.2 | \$ 6.6 | \$ 1.0 | \$ 11.7 | \$ 2.4 | \$ 9.4 | |
| Federally Funded | 21.8 | 5.5 | (0.0) | 9.5 | (0.0) | | |
| Non-Federally Funded | 4.4 | 1.1 | 1.0 | 2.2 | 2.4 | | |
| OpEx | - | - | 0.0 | - | 0.0 | | |
| SRP | 24.9 | 6.3 | 1.0 | 11.2 | 2.3 | | |
| Programs <5% of Portfolio Total | \$ 8.2 | \$ 2.1 | \$ 36.3 | \$ 4.2 | \$ 38.5 | \$ (34.3) | |
| Federally Funded | 0.3 | 0.1 | 35.9 | 0.2 | 37.6 | | |
| Non-Federally Funded | 6.6 | 1.7 | 0.3 | 3.3 | 0.8 | | |
| OpEx | 1.3 | 0.4 | 0.0 | 0.7 | 0.0 | | |
| SRP | 7.4 | 1.9 | 32.1 | 3.7 | 34.0 | | |
| Total | \$ 378.4 | \$ 71.8 | \$ 76.7 | \$ 141.7 | \$ 121.7 | \$ 20.0 | 14% |

The **Vegetation Management and Capital Clearing Implementation** program includes work to abate or mitigate the immediate hazards vegetation causes in critical locations and an ongoing program to clear and re-establish the cleared rights of way to standard widths. Key Q2 FY2025 activities included completing the assessment, trimming, and cutting of over 135 miles of vegetation from distribution lines and 234 miles from transmission lines and starting the seventh round of herbicide treatment in substations using operating expenditures and assessed and cleared over 42 miles of vegetation from distribution lines using federal funds. Additional consulting and technology contractors were added in the quarter to accelerate process optimization, efficiency, safety, and cost efficiency. The total spending year-to-date was lower than expected due to the timing of funding obligations.

LUMA Quarterly Vegetation Clearing by Voltage Level¹⁶

| Voltage | FY2025 Q2 Miles Cleared | | | FY2025 YTD Miles Cleared | | | FY2025 Q2 Acres* Cleared | | | FY2025 YTD Acres* Cleared | | |
|--------------|-------------------------|------------|-------------|--------------------------|------------|-------------|--------------------------|-------------|-------------|---------------------------|-------------|-------------|
| | Federally Funded** | OpEx | Total Miles | Federally Funded** | OpEx | Total Miles | Federally Funded** | OpEx | Total Acres | Federally Funded** | OpEx | Total Acres |
| Distribution | 42 | 135 | 177 | 66 | 323 | 389 | 61 | 196 | 257 | 96 | 470 | 566 |
| 38 kV | 0 | 15 | 15 | 0 | 45 | 45 | 0 | 45 | 45 | 0 | 135 | 135 |
| 115 kV | 0 | 142 | 142 | 0 | 255 | 255 | 0 | 1717 | 1717 | 0 | 3089 | 3,089 |
| 230 kV | 0 | 77 | 77 | 0 | 135 | 135 | 0 | 936 | 936 | 0 | 1638 | 1,638 |
| Total | 42 | 369 | 410 | 66 | 758 | 823 | 61 | 2894 | 2955 | 96 | 5332 | 5428 |

The **Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integration**

program support projects to increase reliability and resiliency, restore system functionality, and mitigate safety hazards. Key activities in Q2 FY2025 included completing site visits to Vieques and Culebra to walk down potential microgrid sites with interested parties. The total spending year-to-date was lower than expected due to the timing of funding obligations for the Vieques and Culebra feeder and battery energy storage system initiative.

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 Q2 FY2025 activities included completing 528 Department of Transportation inspections and 209 American National Standards Institute vehicle compliance inspections while also providing targeted training on underground tank operation (24 employees), commercial operation (14 employees), hazardous materials (14 employees), hazardous materials awareness for the Substation Department in Telecom and offering courses on extinguisher use and management (87 employees), and Department of Transportation inspection procedures (94 employees). The total spending is lower than expected due to cost reduction measures to prioritize reliability initiatives.

The **Compliance & Studies** program supports T&D planning, protection studies, and the production of hosting capacity (the amount of distributed energy resources that can be accommodated on the distribution system) information for public and internal use. Key Q2 FY2025 activities included completing supplemental studies for over 150 circuits, covering more than 5,497 small rooftop solar photovoltaic installations. Additionally, ongoing field walk-downs and assessments of noncompliant circuits were identified, with 718 walk-downs completed to support renewable integration. LUMA completed six distribution area plans covering 25 substations and 76 distribution circuits. The total spending year-to-date was higher than expected due to the completion of additional model verification work.

The **Asset Data Integrity** program supports the integrity of key asset data for accurate modeling, operations, and planning of the T&D system. Key Q2 FY2025 activities included configuring and importing substation asset data into the Enterprise Asset Management system to manage work orders and monitor asset maintenance more efficiently. The total spending year-to-date was lower than expected due to the timing of federal funding obligations.

¹⁶ To calculate acres from miles, the miles are converted to feet by multiplying by 5,280. Then the width of the rights of way is assumed for each voltage level (distribution = 12', 38 kV = 25', and 115 & 230 kV = 100').

Support Services Improvement Portfolio Summary (\$ millions)

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

(\$ millions)

| Program | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | Variance (\$) ³ | Variance (%) |
|--|----------------------------|------------------------|-------------------------|-------------------------|--------------------------|----------------------------|--------------|
| IT OT Asset Management | \$ 21.3 | \$ 12.4 | \$ 0.6 | \$ 17.7 | \$ 0.7 | \$ 17.0 | |
| Federally Funded | 17.4 | 10.5 | 0.0 | 15.8 | 0.1 | | |
| Non-Federally Funded | 3.8 | 1.9 | 0.6 | 1.9 | 0.6 | | |
| OpEx | - | - | 0.0 | - | 0.0 | | |
| SRP | 16.5 | 9.6 | 0.5 | 13.7 | 0.5 | | |
| IT OT Enablement Program | \$ 1.9 | \$ 0.5 | \$ 0.0 | \$ 0.9 | \$ 1.3 | \$ (0.4) | |
| Federally Funded | - | - | - | - | - | | |
| Non-Federally Funded | 1.9 | 0.5 | 0.0 | 0.9 | 1.3 | | |
| OpEx | - | - | 0.0 | - | 0.0 | | |
| SRP | - | - | - | - | - | | |
| Critical Financial Systems | \$ 1.8 | \$ 0.4 | \$ 0.6 | \$ 0.9 | \$ 1.4 | \$ (0.5) | |
| Federally Funded | - | - | - | - | - | | |
| Non-Federally Funded | 1.6 | 0.4 | 0.5 | 0.8 | 1.3 | | |
| OpEx | 0.2 | 0.0 | 0.1 | 0.1 | 0.1 | | |
| SRP | 1.5 | 0.4 | 0.5 | 0.7 | 1.2 | | |
| Critical Financial Controls | \$ 1.6 | \$ 0.4 | \$ 0.1 | \$ 0.8 | \$ 0.3 | \$ 0.5 | |
| Federally Funded | - | - | - | - | - | | |
| Non-Federally Funded | - | - | - | - | - | | |
| OpEx | 1.6 | 0.4 | 0.1 | 0.8 | 0.3 | | |
| SRP | 1.6 | 0.4 | 0.1 | 0.8 | 0.3 | | |
| Update to Third Party Use, Audit, Contract and Billing Procedures | \$ - | \$ - | \$ 0.1 | \$ - | \$ 1.3 | \$ (1.3) | |
| Federally Funded | - | - | - | - | - | | |
| Non-Federally Funded | - | - | - | - | 0.0 | | |
| OpEx | - | - | 0.1 | - | 1.3 | | |
| SRP | - | - | 0.1 | - | 0.1 | | |
| Programs <5% of Portfolio Total | \$ 4.4 | \$ 1.3 | \$ 0.3 | \$ 2.1 | \$ 0.5 | \$ 1.6 | |
| Federally Funded | 0.3 | 0.0 | - | 0.0 | - | | |
| Non-Federally Funded | 1.5 | 0.7 | 0.0 | 0.8 | 0.1 | | |
| OpEx | 2.6 | 0.6 | 0.2 | 1.3 | 0.4 | | |
| SRP | 0.5 | 0.2 | 0.0 | 0.2 | 0.1 | | |
| Total | \$ 30.9 | \$ 15.1 | \$ 1.8 | \$ 22.4 | \$ 5.5 | \$ 16.9 | 75% |

The **IT OT Asset Management** program introduced industry-standard IT OT asset management procedures. It continues to assess the application and infrastructure portfolio while providing necessary system upgrades to ensure secure business operation and continuity and improved customer responsiveness. 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 Q2 FY2025 activities included visiting 70 sites and continuing the process to identify a suitable backup data center location, establishing the Business Relationship Manager certification and Information Technology Infrastructure Library certification programs to enhance IT-business alignment, and beginning the first group of three of the remote terminal unit's replacement, which is targeted to be implemented in FY2026. The total spending year-to-date is lower than expected due to the timing of federal funding obligations.

The **IT OT Enablement** program will implement capabilities to deliver and maintain IT OT services and systems, enabling LUMA employees and systems to operate under industry best practices while standardizing processes and tools. Key Q2 FY2025 activities included purchasing end-user devices and identifying a vendor for a master service agreement to provide future end-user devices faster. Total spending was higher than expected because the program used most of the full-year budget in the first quarter to purchase end-user devices. This early procurement ensures that LUMA has sufficient electronic equipment to meet business needs throughout the year.

The **Critical Financial Systems** program covers technology projects for Finance, including financial management systems and technology, risk management systems, and supply chain management technology. Key Q2 FY2025 activities included implementing improvements to the Kronos timesheet import process to streamline data entry, enhancing

demographics integration for better tracking of employee type changes and maintaining data integrity between systems, and refining integration enhancements for payroll processing of employees terminated within the pay period. Additionally, significant progress was made in improving FEMA Force Account Labor and Equipment Reports and enhancing labor processing to improve transactional exception handling and assist in reconciliation efforts. The total spending was higher than expected due to additional support needed for the time-tracking project. The project's go-live date was delayed from last fiscal year, thus increasing program activities this year.

The **Critical Financial Controls** program focuses on two key areas – internal controls and internal audit and building skills and capabilities in financial reporting and auditing. This will enable LUMA to update and enforce industry-standard policies and procedures that comply with the latest laws and regulations. Key Q2 FY2025 activities included successfully implementing key policies, including Burden Inventory Policy, Architecture and Engineering Policy, Capital Asset Policy, Chart of Account Guideline, System Access Management when Traveling to Foreign Countries of Particular Concerns IT/OT Standard Operating Procedure, Standard Operating Procedure for Processing the Annual Regulatory Fee by the Puerto Rico Energy Bureau. The total spending year to date is lower than expected due to a delay in implementing the Internal Control Framework project. The expectation is to finalize this agreement during the third quarter of FY2025.

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 Q2 FY2025 activities included processing 48 third-party applications for requesting attachment to 3,900 poles and collecting application fees totaling \$14,965. All revenues collected from fees are netted against the program budget, which will be used to compensate operations and maintenance expenses for processing the application packages. Total spending year-to-date was higher than expected due to uncollected offsets from third-party attachment applications and pole attachment fees. As ordered by the PREB on June 26, 2024, the projected TPA revenues in the future budget proposal for FY2026 are \$7.5 million as part of the "Other Income" category, and the total number of attachments identified is 456,792.

Third-Party Attachment additional requirements

| Third Party Attachment Rental Fee | | | | | | |
|-----------------------------------|----------|---------------|-------------------------|-----------------------|-----------------------------|--------------------|
| Fiscal Year | Status | Attachments | Billed ¹⁷ | Q2 Collected | Inception to date Collected | |
| FY2024 | Current | 456,792 | \$ 4,697,061.28 | | | |
| FY2023 | Past Due | 452,657 | \$ 4,653,826.61 | \$ (31,412.50) | | (32,111.90) |
| FY2022 | Past Due | 429,438 | \$ 4,424,013.45 | \$ (15,137.10) | | (53,502.50) |
| | | Totals | \$ 13,774,901.34 | \$ (46,549.60) | | (85,614.40) |

¹⁷ LUMA has established an annual billing cycle for the rental fee.

Actions LUMA took to address non-compliant attachers:

- Continue to evaluate pole attachment applications as they are processed during the fiscal year per telecommunication companies
- Send rental fee invoices to each telecommunication company 30 days after the current fiscal year ends
- Develop the revenue collection plan as detailed in Section 4.0 of the revised PBRE2_Update to Third Party Use, Audit, Contract, and Billing Procedures program brief submitted on October 24, 2024

Challenges in implementing the TPA management program:

- LUMA has been pursuing the development of a TPA agreement with telecommunication companies for the last two years, yet it has not reached an agreement with telecommunication companies
- LUMA has billed for the rental fees covering fiscal years 2022, 2023, and 2024 but has collected less than 1% of payments; these payment arrears impact ongoing operations and maintenance of infrastructure
- Companies are non-compliant with Puerto Rico's regulation 9090, which requires them to participate in construction projects and transfer third-party attachments to new infrastructures; this also impacts our ability to initiate a reimbursement requisition process and prevents LUMA from completing projects
- Telecommunication companies have not been able to provide an accurate and complete inventory of their infrastructure attachments
- After conducting compliance inspections, LUMA found that telecommunication companies had already connected their cables without proper authorization for more than 50% of the attachment applications that LUMA has not yet approved, which creates safety hazards and further weakens the aged infrastructure

Proposed solutions:

- Develop a temporary memorandum of understanding or short-term sheet with telecommunication companies addressing the key issues for both parties and their resolutions within a limited timeframe to temporarily resolve the main controversies and help stabilize the TPA management; this effort would eventually evolve into a permanent and exhaustive agreement
- Enforce regulation 9090 to ensure that LUMA federal projects can continue through the established federal process for close-out

FY2025 Shared Services

LUMA is responsible for delivering Shared Services to perform certain administrative and managerial services required to operate and manage PREPA and the Legacy Generation Assets operated by Genera PR since July 1, 2023. These responsibilities were contemplated as outlined in Annex VI of the T&D OMA and were initially governed by the Shared Services Agreement (SSA) between PREPA, P3A, and LUMA, effective June 1, 2021. These services were set to expire on December 31, 2023. Still, neither PREPA nor Genera PR, as the operator of the Legacy Generation Assets, could assume these responsibilities at the expiration date. Therefore, LUMA entered into an Amended and Restated Shared Services Agreement (Amended SSA) with each party beginning January 1, 2024.

Under the terms of both Amended SSAs, LUMA was to provide shared services until September 30, 2024. The purpose of the Amended SSAs was to provide PREPA and Genera PR with additional time to undertake the necessary activities to assume responsibility for the administrative and management services currently provided by LUMA. Correspondingly, the budget for Shared Services in FY2025 was established for this planned and contractual termination date ending in Q1 FY2025. Nevertheless, these Amended SSAs were again extended on September 30, 2024, until January 31, 2025 (for Genera PR) and until February 28, 2025 (for PREPA) to support each party's effort to assume these responsibilities. Although the Amended SSAs were to expire on September 30, 2024, both Genera PR and PREPA required additional time to fully implement their plans for independent administrative and management activities without the LUMA-provided Shared Services.

During this period under the Amended SSAs, also known as the Shared Services Period, LUMA provides PREPA and Genera PR with services that generally fall into two areas:

- Information Technology – This support provides access and services to PREPA and Genera PR on the IT OT infrastructure managed by LUMA and
- Finance and Accounting – This includes general accounting and reporting, accounts payable, plant accounting, and treasury activities provided by LUMA for PREPA and Genera PR

The placement of insurance policies covering PREPA's assets and activities (both T&D and Generation) that were previously provided under the Amended SSAs are provided under the Insurance Collaboration Agreement in FY2025. All parties to the Insurance Collaboration Agreement (PREPA and LUMA) have signed it, except Genera PR.

The costs for the Shared Services activities are considered part of Genera PR's Generation Pass-Through Expenditures by the T&D OMA.

Shared Services Summary (\$ millions)

(\$ millions)

| | FY2025 Budget ³ | Q2 Budget ³ | Q2 Actuals ³ | YTD Budget ³ | YTD Actuals ³ | YTD Variance ³ (\$) | YTD Variance (%) |
|--|-------------------------------|------------------------|-------------------------|-------------------------|-----------------------------|--------------------------------------|------------------------|
| Labor | 0.8 | - | 0.9 | 0.8 | 1.9 | (1.1) | |
| Property & Casualty Insurance | 58.3 | 14.5 | 11.8 | 29.1 | 23.5 | 5.6 | |
| IT Service Agreements | 1.7 | - | 0.9 | 1.7 | 2.0 | (0.3) | |
| Legal Services | - | - | 0.2 | - | 0.3 | (0.3) | |
| Professional & Technical Outsourced Services | 0.1 | - | 1.2 | 0.1 | 1.9 | (1.8) | |
| Other | - | 0.1 | (0.1) | 0.1 | 0.1 | - | |
| Subtotal | \$ 60.9 | \$ 14.6 | \$ 14.9 | \$ 31.8 | \$ 29.7 | \$ 2.1 | 3% |
| 2% Reserve for Excess Expenditures | 1.2 | 0.3 | - | 0.6 | | 0.6 | |
| Shared Services Total | \$ 62.1 | \$ 14.9 | \$ 14.9 | \$ 32.4 | \$ 29.7 | \$ 2.7 | 4% |

The primary driver for the \$2.7 million year-to-date overall favorable variance is related to the actual cost of the property insurance premiums. Excluding the favorable insurance impact, most other areas had a negative (unfavorable) variance because shared services were only budgeted for the first quarter of FY2025, consistent with the Shared Services agreements and the PREB-approved budgets.

The financial information provided within this report has not been subject to audit and is not intended to be used for any purpose other than this Report. 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.