

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

**NEPR**

**Received:**

**May 15, 2025**

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

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

**SUBJECT:** Motion Submitting Amendment to  
FY2025 T&D Budget

**MOTION SUBMITTING AMENDMENT TO FY2025 T&D BUDGET  
TO THE HONORABLE PUERTO RICO ENERGY BUREAU:**

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

1. On May 25, 2024, LUMA submitted to this Puerto Rico Energy Bureau (“Energy Bureau”) the proposed System Budgets for the Puerto Rico Energy System (“the System”), which are comprised of the Proposed T&D Budgets, developed by LUMA (“FY2025 T&D Budget”); the budget proposal for the legacy thermal generation units (the “GenCo Budget”), the budget proposal for the hydroelectric generating units and the public irrigation facilities (the “HydroCo Budget”) and the budget proposal for the Puerto Rico Electric Power Authority (“PREPA”) and its subsidiaries other than GenCo and HydroCo (the “HoldCo Budget”) (collectively referred to as the “System Annual Budgets”).

2. On June 26, 2024, this Energy Bureau issued a Resolution and Order (the “June 26<sup>th</sup> Order”) whereby it approved the System Annual Budgets, subject to certain amendments to such budgets.

3. On July 16, 2024, LUMA submitted a *Motion for Partial Reconsideration of Resolution and Order of June 26, 2024 on Fiscal Year 2025 System Budgets*, requesting that the

Energy Bureau reconsider its determination to increase LUMA's FY2025 T&D Budget allocation in certain areas de-prioritize in other areas, contrary to what was proposed by LUMA for Fiscal Year 2025.

4. On December 2, 2024, the Energy Bureau issued a Resolution and Order (the "December 2<sup>nd</sup> Order") granting LUMA's Motion for Reconsideration and reversing the contested allocations made to LUMA's Proposed T&D Budget established in the June 26<sup>th</sup> Order.<sup>1</sup>

5. On March 31, 2025, LUMA filed a *Notice of Budget Amendment* ("March 31<sup>st</sup> Notice"), whereby it provided prompt notice to this Energy Bureau of its intent to submit a budget amendment to the FY2025 T&D Budget, together with a courtesy copy of a notice to the Puerto Rico Public-Private Partnership Authority ("P3A"), pursuant to Section 7.3(e) of the *Puerto Rico Transmission and Distribution Operation and Maintenance Agreement* ("T&D OMA"), executed on June 22, 2020, among PREPA, the P3A, and LUMA.

6. Notice to this Energy Bureau was provided in compliance with this Energy Bureau's prior affirmations and directives that budget amendment and reallocation requests should be timely anticipated and promptly notified to the Energy Bureau. *See* Resolutions and Orders issued on August 3, 2022, November 11, 2022, December 14, 2022, June 29, 2023, July 17, 2024, and March 5, 2025.

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<sup>1</sup> On December 23, 2024, LUMA filed a *Request to Amend Attachment B of the December 2nd, 2024 Resolution and Order*, whereby it requested the Energy Bureau to, pursuant to Section 11.04 of the Energy Bureau's *Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Procedures*, correct a clerical error and amend Attachment B of the December 2<sup>nd</sup> Order to reflect the corresponding budget allocation for Vegetation Management, as approved by the Energy Bureau. On January 24, 2024, this Energy Bureau issued a Resolution *Nunc Pro Tunc* where it recognized and corrected the referenced clerical error, through the issuance of a revised version of Attachment B of the December 2nd Order. Moreover, in a Resolution and Order issued on January 31, 2025, this Energy Bureau revised Attachment B of the June 26<sup>th</sup> Order in response to LUMA's December 23, 2024 *Motion Submitting Responses to Requests for Information of the December 2, 2024 Resolution and Order and in Support of LUMA's Budgeted Spending*.

7. As anticipated in its March 31<sup>st</sup> Notice, LUMA hereby submits its amendment to the FY2025 T&D Budget, which budget amendment has also been submitted today to the P3A, pursuant to Section 7.3(e) of the T&D OMA.

8. LUMA seeks to reallocate \$15.6 million within LUMA's Operating Budget, from the Support Services Department to the Customer Experience, Operations, and Utility Transformation Departments, in order to better align resources with operational priorities. *See Exhibit 1.*

9. Moreover, LUMA is reallocating \$13.9 million within the Non-Federal Capital ("NFC") Budget to advance the Electric System Priority Stabilization Plan, resiliency initiatives, and critical capital improvements. The reallocated NFC funds are distributed amongst various Improvement Portfolios, namely, Customer Experience, Distribution, Transmission, Substations, Enabling and Support Services. For further detail, please refer to *Exhibit 1* to this Motion.

10. Importantly, all reallocations remain within their respective budget categories and no funds are transferred between the Operating Budget and the Non-Federal Capital Budget.

11. Both above-referenced reallocations are made pursuant to the provisions of Section 7.3 of T&D OMA and this Energy Bureau's interpretive orders and directives regarding same. Accordingly, LUMA respectfully requests that the Energy Bureau promptly approve the proposed reallocations, and amend the budgets as set forth by LUMA in the attached exhibit and schedules.

12. The amendments to the approved FY2025 T&D Budget referenced in *Exhibit 1* to this Motion do not result in any increase or change to customer rates. LUMA's aggregate FY2025 T&D Budget of \$692 million remains unchanged and consistent with the Energy Bureau's December 2<sup>nd</sup> Order.

**WHEREFORE**, LUMA respectfully requests that the Energy Bureau **take notice** of the aforementioned; **promptly approve** and **amend** the budgets as set forth by LUMA; and **make** the determinations it deems necessary to enable LUMA to continue its work to maintain and operate Puerto Rico's T&D System.

**RESPECTFULLY SUBMITTED.**

In San Juan, Puerto Rico, on May 15<sup>th</sup>, 2025.

**WE HEREBY CERTIFY** that this motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record González & Martínez, Mirelis Valle-Cancel, [mvalle@gmlex.net](mailto:mvalle@gmlex.net); and Alexis G. Rivera Medina, [arivera@gmlex.net](mailto:arivera@gmlex.net); and to Genera PR, LLC, through: Jorge Fernández-Reboredo, [jfr@sbgblaw.com](mailto:jfr@sbgblaw.com); [legal@genera-pr.com](mailto:legal@genera-pr.com); and [regulatory@genera-pr.com](mailto:regulatory@genera-pr.com).



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*Exhibit 1*

# Annual Budgets

FY2025 Budget Amendment

May 15, 2025

## Annual Budgets

### Executive Summary

In compliance with the Puerto Rico Energy Bureau's (PREB) Resolution and Order issued on January 31, 2025, in Case No. NEPR-MI-2021-0004, consistent with the directive to submit a Budget Amendment by May 15, 2025, LUMA formally submits this Budget Amendment for Fiscal Year 2025. This submission reflects our commitment to fiscal responsibility, regulatory compliance, and operational excellence.

Since June 2021, LUMA has worked diligently to improve and maintain the electric system while upholding strong financial discipline. Through a comprehensive prioritization analysis, we have evaluated and aligned operational and capital needs to ensure the most effective allocation of resources. This amendment results from that detailed assessment, designed to support critical system improvements while maintaining prudent cost management.

The proposed budget adjustments reallocate \$15.6 million within the Operating Budget from the Support Services Department to the Customer Experience, Operations, and Utility Transformation Departments to better align resources with operational priorities. Similarly, LUMA is reallocating \$13.9 million within the Non-Federal Capital Budget to advance the Electric System Priority Stabilization Plan,<sup>1</sup> resiliency initiatives, and critical capital improvements. Importantly, all reallocations remain within their respective budget categories; no funds are transferred between the Operating Budget and the Non-Federal Capital Budget. These changes do not increase customer rates or the overall approved budgets.

This Budget Amendment reinforces LUMA's commitment to a safe, reliable, and modern electric service while fully complying with regulatory requirements. Through data-driven prioritization and responsible financial stewardship, LUMA continues to align resources with system needs to address immediate challenges and long-term infrastructure goals.

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<sup>1</sup> PREB approved the Electric System Priority Stabilization Plan on March 28, 2025 under docket NEPR-MI-2024-0005.

## Annual Budgets

# 1.0 Reallocation of Funds within the Transmission and Distribution Operating Budget

Throughout FY2025, LUMA has consistently allocated funds to operate the utility safely and effectively. Additionally, LUMA has implemented appropriate measures to contain costs, demonstrating its commitment to fiscal responsibility. For FY2025, LUMA proposes reallocating funds from Support Services to the Utility Transformation, Customer Experience, and Operations departments to better align resource allocation needs. LUMA also prioritizes system reliability and the Electric System Priority Stabilization Plan; for this reason, LUMA is reallocating funds within Non-Federal Capital to support grid stabilization. This section describes the details of the proposed reallocation.

## 1.1 Operating Expenditure Budget

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

Department	FY2025			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
Customer Experience	85,400	84,340	(1,060)	(1%)
Operations	230,913	224,260	(6,654)	(3%)
Utility Transformation	37,857	29,999	(7,857)	(26%)
Support Services	202,107	217,677	15,570	7%
<b>Total</b>	<b>556,276</b>	<b>556,276</b>	<b>(0)</b>	<b>(0%)</b>

### CUSTOMER EXPERIENCE DEPARTMENT

- The reallocation of \$1.1 million to the Customer Experience Department is driven by rising costs associated with third-party payment processing. As more customers transition to electronic payments, expenses related to transaction fees from vendors such as Global Payment, Evertec, Banco Popular PR, Oriental Bank, FirstBank, and American Express have increased. These funds are essential for maintaining the infrastructure that enables over 80% of our customers to make payments efficiently and securely, enhancing accessibility and flexibility.

### OPERATIONS DEPARTMENT

- The reallocation of \$6.7 million to the Operations Department is driven by a higher-than-expected deployment of labor resources for operations, maintenance, and restoration activities. These efforts primarily address outage events that do not meet the criteria for the outage events account as defined in Article 1 of the Transmission and Distribution Operating and Maintenance Agreement. This increase is mainly due to the ongoing deterioration of the electric system, which has led to a greater need for unplanned maintenance and emergency repairs. Additionally, implementing the time recording enhancement technology has improved the accuracy of tracking labor and equipment costs. As a

<sup>2</sup> The figure does not include the 2% reserve for excess expenditures and may not tie directly due to rounding.

## Annual Budgets

result, fleet expenses that were previously centralized and budgeted under the Support Services Department have now been reallocated directly to the respective departments.

### UTILITY TRANSFORMATION

- The reallocation of \$7.9 million to the Utility Transformation Department is driven by a shortfall in recovering funds from telecommunication companies for third-party attachments, which has affected our ability to cover operational expenses related to processing new attachment requests. Another contributing factor is the engagement of contracted professional services to advise on grant management requirements and to develop a streamlined structure for expediting obligations and reimbursements with the Federal Emergency Management Agency. This initiative improves communication, reduces iterative interactions, and ensures all necessary project details are submitted upfront. Moreover, similar to the adjustments made in the Operations Budget, implementing time recording enhancement technology has shifted transportation-related costs from Support Services to the Utility Transformation department. While this enhances financial accuracy and cost allocation, it has also increased the budgetary needs for this department.

### SUPPORT SERVICES DEPARTMENT

- The reallocation of \$15.6 million from the Support Services Department to the Customer Experience, Operations, and Utility Transformation Departments is primarily driven by lower-than-expected insurance costs, transportation cost adjustments, and labor expenses. In previous fiscal years, LUMA allocated transportation costs to the Fleet sub-department under the Support Services Department. To enhance accounting accuracy and operational efficiency, LUMA implemented the time recording enhancement technology, which provides a more precise allocation of labor and equipment costs. This system improves cost transparency, strengthens budgeting capabilities, and ensures that fleet expenses are assigned directly to the departments or projects utilizing them, facilitating better vehicle management, fleet optimization, and cost-saving initiatives. Lower labor costs have also contributed to this reallocation due to realignment of priorities and evolving operational and budgetary considerations.

## Annual Budgets

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

The Non-Federally Funded budget amendment request includes multiple line items across various portfolios. For clarity and conciseness, the explanations provided in this document are organized by portfolio and focus on the main drivers impacting each portfolio's budget. These explanations summarize the primary factors contributing to the requested portfolio budget adjustments.

#### Summary of Reallocation – Non-Federally Funded Capital Expenditures Budget (\$ in millions)<sup>2</sup>

Improvement Portfolio	FY2025			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
Customer Experience	21,436	24,805	3,369	14%
Distribution	28,610	35,437	6,826	19%
Transmission	9,365	5,863	(3,502)	(60%)
Substations	28,558	19,770	(8,788)	(44%)
Control Center & Buildings	3,536	3,536	-	-
Enabling	20,838	24,558	3,720	15%
Support Services	10,461	8,836	(1,625)	(18%)
<b>Total</b>	<b>122,803</b>	<b>122,803</b>	<b>(0)</b>	<b>(0%)</b>

#### CUSTOMER EXPERIENCE PORTFOLIO

- **New Business Connection Program**—The reallocation of \$1.5 million from the New Business Connections Program to the Meter Replacement & Maintenance Program and the IT OT Asset Management Program is driven by savings in the program due to lower-than-expected requests for the installation of transformers for customers with service requirements under 50 kVA. LUMA is required to cover the cost of new connections under 50 kVA in compliance with PREPA's 14-01 technical bulletin.
- **Retail Wheeling**—The reallocation of \$2.7 million from the Retail Wheeling Program to the Distribution Pole and Conductor Repair Program is driven by urgent safety concerns. The funding will support the replacement of poles that pose an immediate safety risk to customers. As a result, certain activities under the Retail Wheeling Program will be deferred, including vendor selection and the implementation of related infrastructure, technology, and processes.
- **Meter Replacement & Maintenance**—The reallocation of \$1.0 million to the Meter Replacement & Maintenance Program is driven by the need to continue the installation of bidirectional meters, prompted by a higher-than-forecasted number of net energy metering installations identified in the FY2025 budget. These installations are critical for customers with distributed generation, and they ensure compliance with the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement, net metering tariff activation, and interconnection regulations. The Meter Replacement and Maintenance Program must adhere to applicable regulations and Puerto Rico law, particularly concerning the timely installation of bidirectional meters for net energy metering customers.

# Annual Budgets

## DISTRIBUTION PORTFOLIO

- **Distribution Line Rebuild**—The reallocation of \$6.8 million from the Distribution Line Rebuild Program to the Substation Reliability Program and the Compliance and Studies Program is driven by the need to support the Electric System Priority Stabilization Plan and to address urgent system needs, with these funds being redirected to projects that are ready for execution and that will positively impact grid reliability. As a result, specific initiatives—including underground switching, underground cable injections, and servicing customers with long secondary connections—will be deferred. Specifically, the underground cable and switch replacement efforts will be delayed until FY2026 due to material availability constraints, while similar work will continue under the Operations O&M budget. Additionally, mid-term underground projects have been moved to FEMA project submission, and therefore, Non-Federally Funded Capital funds are no longer required. This shift has created a favorable variance within the program, allowing the reallocation of funds to support other initiatives.
- **Distribution Automation Program**—The reallocation of \$7.9 million from the Distribution Automation Program to the Substation Rebuild Program, Transmission Priority Pole Replacement Program, and Distribution Pole and Conductor Repair Program is driven by the need to support the Electric System Priority Stabilization Plan and reliability projects. This reallocation will halt initiatives such as implementing advanced protection measures, integrating fault current indicators, and fusing coordination on the worst-performing feeders. However, LUMA will continue the installation of three-phase and one-phase reclosers through the FEMA budget to maintain progress toward reliability despite this halt in work. Additionally, from the \$7.9 million, LUMA will reallocate \$1.0 million to the Substation Reliability Program. This amount was originally budgeted in the Distribution Automation Program for the installation of optical sensors; however, these activities fall outside the scope of the automation program.
- **Distribution Pole and Conductor Repair**—The reallocation of \$7.9 million to the Distribution Pole & Conductor Repair Program is driven by urgent safety concerns. This funding will address the replacement of more poles than budgeted initially, specifically those that pose a significant risk to customers, particularly poles that are downed or have been struck. All poles worked on through Non-Federal Capital were identified as requiring immediate replacement due to these critical safety issues. Additionally, we will continue to address easement encroachments that present an imminent danger to the public, working to resolve the problems stemming from non-conforming constructions. This approach prioritizes the safety of customers, crews, and property, ensuring the reliability of the electric infrastructure.

## TRANSMISSION PORTFOLIO

- **Transmission Priority Pole Replacements**—The reallocation of \$2.0 million to the Transmission Priority Pole Replacements Program is driven by the urgent need to replace components in the transmission system to ensure reliability. This funding will address damaged transmission equipment and assets, including critical pole replacements, deteriorated hardware, and insulation on the most critical transmission lines. As part of this reliability enhancement, LUMA will continue replacing transmission structures and performing essential maintenance, critical repairs, and switch replacements.
- **IT OT Telecom System Networks**—The reallocation of \$1.4 million to the IT OT Telecom System Networks is driven by the creation of the IP Control Network Stabilization project, aimed at enhancing resilience in the operational technology control network. The existing equipment is aging and has limited parts availability, necessitating the installation of new IP network switching equipment. Key services, including supervisory control and data acquisition communications, will be transitioned to this new networking equipment. This reallocation is critical for ensuring grid stability, as any delay could lead to operational inefficiencies and increase the risk of unplanned outages. Additionally,

## Annual Budgets

LUMA will replace 48-count fiber with 96-count fiber between Aguirre and Jobos TC; this upgrade is essential for stabilizing the telecom transport network.

### SUBSTATION PORTFOLIO

- **Substation Rebuild Program**—The reallocation of \$3.8 million to the Substations Rebuild Program is driven primarily by the emergency replacement of the failed Hato Rey transformer. The scope of work included designing all necessary civil, electrical, protection, automation, and control components for the 115/38 kV transformer replacement and breaker protection maintenance. This project involved replacing the damaged transformer with a new 115/13.2 kV, 44.8 MVA transformer. Restoring this transformer to service was crucial, as its failure left only one operational transformer at the substation, compromising redundancy. Reestablishing this redundancy was vital for ensuring business continuity, given that the substation supplies power to the Hato Rey business district, Plaza Las Américas, various government offices, and news outlets.
- **Substation Reliability Program**—The reallocation of \$5.1 million to the Substation Reliability Program is driven by labor and equipment costs related to the preparation, energization, and commissioning of multiple transformers at substations, including Bayamón TC, Caguas TC, Costa Sur, Factor, Fajardo, Guánica TC, Maunabo TC, Monacillo, and Mora, as part of the Electric System Priority Stabilization Plan. This reallocation is critical for executing the Electric System Priority Stabilization Plan and essential for maintaining project timelines and ensuring grid stability. Any delay could disrupt infrastructure deployment, lead to operational inefficiencies such as increased outage response times, and elevate the risk of unplanned outages. Part of the reallocation to this program also accounts for the optical sensor installation initially budgeted under the Distribution Automation program.

### ENABLING PORTFOLIO

- **Tools Repair & Management**—The reallocation of \$2.8 million from the Tools Repair & Management Program to the Distribution Pole & Conductor Repair Program is driven by savings achieved through the cancellation of the administrative component of the tool crib project. LUMA had previously contracted a service to manage the complete administrative tool crib. However, through detailed analysis and review of operations, we identified an opportunity to optimize costs without compromising service quality. By transitioning from a full administrative tool crib service to a contract focused on tool maintenance and repair, we reduced unnecessary third-party administrative expenses while retaining the essential services needed to keep operations running smoothly.
- **Asset Data Integrity**—The reallocation of \$1.0 million from the Asset Data Integrity Program to the IT OT Telecom System Networks Program is intended to prioritize critical fiber network projects necessary for system stabilization. As a result of this reallocation, asset tagging and geographic information system feeder mapping activities will be halted. Delaying the asset tagging initiative will prolong challenges related to improperly tagged assets, complicating maintenance activities due to reliance on unreliable feature identification numbers. Similarly, pausing the geographic information system feeder mapping activities will delay the resolution of missing meters, adversely impacting outage statistics and the accuracy of our electrical connectivity model.
- **T&D Fleet**—The reallocation of \$1.4 million from the T&D Fleet program to the IT OT Asset Management program is driven by savings in the program due to lower-than-anticipated costs to date for the ongoing 12-year inspection of the Super Puma Helicopter. The budget for this fiscal year was initially established based on historical estimates, which projected inspection costs to be \$5 million.
- **Compliance and Studies**—The reallocation of \$1.8 million to Compliance and Studies is driven by distribution energy resources interconnection studies that have not yet been billed to the customer, resulting in higher-than-budgeted spending. This reallocation is critical for covering the costs incurred

## Annual Budgets

while maintaining the necessary pace for interconnection evaluations, which are essential for grid reliability and compliance with regulatory requirements under Act 114-2007 and Law 17-2019.

### SUPPORT SERVICES PORTFOLIO

- **IT OT Cybersecurity Program**—The reallocation of \$0.5 million from the IT OT Cybersecurity program to the IT OT Asset Management program is driven by the various initiatives inside LUMA's multi-year cyber resilience strategy, which have been deferred to FY2026. Initially, the budget allocated for this program was sufficient to address the initiatives on the current fiscal year, however, upon the identification of vulnerability on obsolete network switches devices that lack vendor support and do not receive security patches and inherited by LUMA, this network switches have been prioritized to mitigate attacks that could compromise our entire IT infrastructure. Therefore, as a result of the program's reprioritization, we now have a positive budget variance. This enables us to reallocate funds to IT OT Asset Management and support the initial rollout of the WMS.
- **IT OT Asset Management**—The reallocation of \$2.2 million to the IT OT Asset Management Program is driven by the initial rollout of a Workforce Management System (WMS). This system is designed to efficiently manage workforce tasks by streamlining communication, scheduling, and job assignments. It is a smart organizer that ensures people are assigned the right tasks at the right time, improving workforce coordination, task accuracy, and overall productivity. In the initial rollout, the WMS will deliver three critical capabilities: emergency response capability, preventive maintenance capability, and corrective maintenance capability. The value of implementing the WMS extends beyond just these capabilities. Automating manual processes increases service reliability, operational efficiency, and safety, benefiting employees and customers directly. This investment will significantly enhance our preparedness and responsiveness for daily operations and emergencies, improving service delivery.

## Annual Budgets

### 2.0 Schedules

#### 2.1 Summary<sup>3</sup>

(In \$000's)

	FY2025			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Transmission &amp; Distribution</b>				
GridCo Operating Expenditures	567,402	567,402	(0)	(0%)
GridCo Non-Federally Funded Capital Expenditures	125,259	125,259	(0)	(0%)
<b>Total T&amp;D Operating and Non-Federally Funded Capital Budget</b>	<b>\$ 692,661</b>	<b>\$ 692,661</b>	<b>\$ (0)</b>	<b>(0%)</b>
Energy Efficiency Programs	5,800	5,800	-	-
Federally Funded Capital Expenditures	1,207,157	1,207,157	-	-
<b>Generation</b>				
GenCo Operating and Capital Expenditures	300,322	300,322	-	-
HydroCo Operating and Capital Expenditures	13,639	13,639	-	-
<b>Total Generation Budget</b>	<b>\$ 313,961</b>	<b>\$ 313,961</b>	<b>\$ -</b>	<b>-</b>
<b>HoldCo Operating and Capital Expenditures</b>	<b>34,220</b>	<b>34,220</b>		
<b>Other</b>				
LUMA Fee	134,736	134,736	-	-
Genera PR Fee	24,325	24,325	-	-
Bad Debts	59,529	59,529	-	-
Bankruptcy and Advisor Costs	56,418	56,418	-	-
<b>Total Other</b>	<b>\$ 275,008</b>	<b>\$ 275,008</b>	<b>\$ -</b>	<b>-</b>

<sup>3</sup> T&D Expenditures include 2% reserve for excess expenditures, but T&D Operating Expenditures do not include Shared Services for GenCo, HydroCo, or HoldCo.

# Annual Budgets

## 2.2 Transmission & Distribution Operating Budget<sup>4</sup>

(In \$000's)

	FY2025 Proposed Reallocation					FY2025 Approved Budget				
	Customer Experience	Operations	Utility Transformation	Support Services	FY2025	Customer Experience	Operations	Utility Transformation	Support Services	FY2025
<b>Labor</b>										
Salaries, Wages and Benefits	45,632	141,886	22,779	70,108	280,406	47,202	129,932	21,513	70,108	268,755
<b>Total Labor</b>	<b>45,632</b>	<b>141,886</b>	<b>22,779</b>	<b>70,108</b>	<b>280,406</b>	<b>47,202</b>	<b>129,932</b>	<b>21,513</b>	<b>70,108</b>	<b>268,755</b>
<b>Non-Labor</b>										
Materials & Supplies	8	12,931	2,107	10,986	26,032	290	16,454	1,516	11,766	30,026
Transportation, Per Diem, and Mileage	436	6,825	3,762	782	11,804	1,080	6,825	1,785	6,109	15,799
Property & Casualty Insurance	-	7	2	18,540	18,549	-	7	2	22,663	22,672
Security	-	-	-	7,275	7,275	-	-	-	7,982	7,982
IT Service Agreements	-	37	-	27,197	27,234	268	660	59	28,523	29,510
Utilities & Rents	160	1,174	782	6,624	8,740	288	1,338	1,353	6,624	9,603
Legal Services	7	30	1,013	7,193	8,243	87	30	2	9,458	9,577
Communications Expenses	-	93	-	61	153	124	208	-	1,103	1,435
Professional & Technical Outsourced Services	39,157	17,538	7,293	45,735	109,723	34,821	17,537	2,038	45,735	100,131
Vegetation Management	-	50,000	-	-	50,000	-	50,000	-	-	50,000
Other Miscellaneous Expenses	-	393	119	7,606	8,118	180	1,269	1,731	7,606	10,786
<b>Total Non-Labor / Other Operating Expense</b>	<b>39,768</b>	<b>89,027</b>	<b>15,077</b>	<b>131,999</b>	<b>275,871</b>	<b>37,138</b>	<b>94,328</b>	<b>8,486</b>	<b>147,569</b>	<b>287,521</b>
<b>Subtotal Labor and Non-Labor/Other Operating Expenses</b>	<b>85,400</b>	<b>230,913</b>	<b>37,857</b>	<b>202,107</b>	<b>556,276</b>	<b>84,340</b>	<b>224,260</b>	<b>29,999</b>	<b>217,677</b>	<b>556,276</b>
2% Reserve for Excess Expenditures					11,126					11,126
<b>Total Operating Budget</b>	<b>85,400</b>	<b>230,913</b>	<b>37,857</b>	<b>202,107</b>	<b>567,402</b>	<b>84,340</b>	<b>224,260</b>	<b>29,999</b>	<b>217,677</b>	<b>567,402</b>

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

# Annual Budgets

## 2.3 Improvement Portfolio Budget<sup>4</sup>

(In \$000's)

	FY2025				FY2025			
	Proposed Reallocation				Approved Budget			
	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total	Federal Funded CapEx	Non-Federal Funded CapEx	OpEx	Total
<b>Improvement Portfolio</b>								
Customer Experience	351,551	21,436	6,880	379,866	351,551	24,805	6,880	383,235
Distribution	273,922	28,610	-	302,532	273,922	35,437	-	309,358
Transmission	113,792	9,365	-	123,157	113,792	5,863	-	119,655
Substations	118,960	28,558	400	147,918	118,960	19,770	400	139,130
Control Center & Buildings	28,923	3,536	1,500	33,959	28,923	3,536	1,500	33,959
Enabling	278,590	20,838	75,300	374,728	278,590	24,558	75,300	378,448
Support Services	17,750	10,461	4,400	32,611	17,750	8,836	4,400	30,986
<b>Subtotal</b>	<b>1,183,487</b>	<b>122,803</b>	<b>88,480</b>	<b>1,394,771</b>	<b>1,183,487</b>	<b>122,803</b>	<b>88,480</b>	<b>1,394,771</b>
<b>Other</b>								
2% Reserve for Excess Expenditures	23,670	2,456	1,770	27,895	23,670	2,456	1,770	27,895
<b>Total Capital Expenditures</b>	<b>1,207,157</b>	<b>125,259</b>	<b>90,250</b>	<b>1,422,666</b>	<b>1,207,157</b>	<b>125,259</b>	<b>90,250</b>	<b>1,422,666</b>

# Annual Budgets

## 2.4 Improvement Portfolios - Total Capital Expenditures<sup>4</sup>

(In \$000's)

	FY2025					FY2025					FY2025			
	Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)		Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)		Proposed Reallocation	Approved Budget	Variance (\$)	Variance (%)
<b>Improvement Portfolio</b>					=					+				
Customer Experience	372,986	376,355	3,369	1%		351,551	351,551	-	-		21,436	24,805	3,369	14%
Distribution	302,532	309,358	6,826	2%		273,922	273,922	-	-		28,610	35,437	6,826	19%
Transmission	123,157	119,655	(3,502)	(3%)		113,792	113,792	-	-		9,365	5,863	(3,502)	(60%)
Substations	147,518	138,730	(8,788)	(6%)		118,960	118,960	-	-		28,558	19,770	(8,788)	(44%)
Control Center & Buildings	32,459	32,459	-	-		28,923	28,923	-	-		3,536	3,536	-	-
Enabling	299,428	303,148	3,720	1%		278,590	278,590	-	-		20,838	24,558	3,720	15%
Support Services	28,211	26,586	(1,625)	(6%)		17,750	17,750	-	-		10,461	8,836	(1,625)	(18%)
<b>Subtotal</b>	<b>1,306,291</b>	<b>1,306,291</b>	<b>-</b>	<b>(0%)</b>		<b>1,183,487</b>	<b>1,183,487</b>	<b>-</b>	<b>-</b>		<b>122,803</b>	<b>122,803</b>	<b>-</b>	<b>(0%)</b>
<b>Other</b>														
2% Reserve for Excess Expenditures	26,126	26,126	-	-		23,670	23,670	-	-		2,456	2,456	-	-
<b>Total Capital Expenditures</b>	<b>1,332,417</b>	<b>1,332,417</b>	<b>-</b>	<b>(0%)</b>		<b>1,207,157</b>	<b>1,207,157</b>	<b>-</b>	<b>-</b>		<b>125,259</b>	<b>125,259</b>	<b>-</b>	<b>(0%)</b>