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

IN RE: REVIEW OF LUMA'S INITIAL BUDGETS	**CASE NO. NEPR-MI-2021-0004**
	SUBJECT: Submission of LUMA's Annual Report for Fiscal Year 2025 and Report on Efficiencies

MOTION SUBMITTING LUMA'S ANNUAL REPORT FOR FISCAL YEAR 2025 AND REPORT ON EFFICIENCIES

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. Annex I, Section VI(B), paragraph 4, of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") requires that LUMA prepare interim and unaudited financial statements within one hundred and twenty (120) days after the end of each fiscal year.

2. On May 31, 2021, this Honorable Puerto Rico Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") issued and published a Resolution and Order approving LUMA's Initial Budgets ("May 31st Order").

3. In the May 31st Order, the Energy Bureau listed specific "requirements for LUMA to fulfill during the Interim Period and going forward," including, among others, annual explanations of the differences between accounts expenses and approved budgets and efficiencies, and reporting on federal funding activity. *See* May 31st Order, p. 36, paragraphs 1 through 4; *see*

also Resolution and Order of July 16, 2021, at p. 6 (modifying the federal funding reporting requirements stated in the May 31st Resolution and Order) ("July 16th Order").

4. On June 25, 2023, this Energy Bureau issued a Resolution and Order approving LUMA's Annual Budgets for Fiscal Year 2024 (the "June 25th Order"). Regarding annual reporting for FY2024, Attachment I of the June 25th Order provides that LUMA shall maintain a detailed accounting of yearly expenses for each Fiscal Year and report annually on the use of funds within the budget and explain any differences between accounts, expenses, and approved budgets. *See June 25th Order*, Attachment I, p. 45. It also required an annual report on efficiencies. *Id.*[1]

5. For FY2024, the June 25th Order set the time to file the annual report 60 days after the end of the fiscal year. On July 10, 2023, LUMA filed its *Motion for Partial Reconsideration of Resolution and Order of June 25, 2023, on Fiscal Year 2024 System Budgets,* where, amongst other matters, it sought reconsideration of said ruling and requested that the time to file the annual report be maintained at one hundred and twenty (120) days after the end of each fiscal year.

6. On September 22, 2023, this Energy Bureau issued a Resolution and Order ("September 22nd Order") whereby it ruled that "[r]ather than determine the time within which LUMA must file its year-end report as requested in its July 10 Motion for Partial Reconsideration, the Energy Bureau will require LUMA to file in the upcoming Rate Review, a full explanation of the specific reasons it asserts that prevent it from filing a year-end report at an earlier time of the 120-day timeframe LUMA is requesting and is in the T&D OMA." *See* September 22nd Order, p. 7.[2]

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[1] On February 27, 2023, this Energy Bureau issued a Resolution and Order whereby it approved the Fiscal Year 2023 Consolidated Budget certified by the Financial Oversight and Management Board for Puerto Rico ("February 27th Order"). In the February 27th Order, this Energy Bureau had required that LUMA file an annual report on efficiencies.

[2] To those ends, LUMA notes that on July 3, 2025, it filed a *Motion Submitting Rate Review Petition* in Case No. NEPR-AP-2023-0003, *In Re: Puerto Rico Electric Power Authority Rate Review.* In support thereof, LUMA submitted prefiled testimonies with expert recommendations for annual and quarterly reporting. *See* Exhibit 3.0, Direct Testimony of Eduardo Balbis. LUMA's rate review petition is still under the consideration of this Energy Bureau.

7. On June 26, 2024, this Energy Bureau issued a Resolution and Order ("June 26th Order") regarding the FY2025 Annual Budgets. Therein, the Energy Bureau did not alter LUMA's annual reporting requirements. However, regarding efficiencies, this Energy Bureau did order LUMA "to include in the FY2026 Annual Budget Examination its plan to":

1. Continuously assess its performance against its forecasted efficiencies, highlighting both successes and areas needing improvement. This will not only support LUMA's continuous learning and improvement but will also provide valuable data for refining forecasts.

2. Detail how LUMA has projected potential efficiencies and savings across its operations and include the process for ongoing performance assessments against these forecasts.

3. Develop, implement, and quantify efficiencies and savings, including but not limited to those identified in the May 31 Resolution.

See June 26th Order, p. 11.

8. Moreover, in compliance with the May 31st Order, as amended by the July 16th Resolution and Order, and also in compliance with the June 25th Order, LUMA submitted four quarterly reports for Fiscal Year 2025 ("FY2025") on the following dates: November 14, 2024 ("Q1 Report"); February 14, 2025 ("Q2 Report"), May 15, 2025 ("Q3 Report"), and August 14, 2025 ("Q4 Report") (jointly, "the Quarterly Reports"). The Quarterly Reports cover information on T&D System Budget spending amounts. LUMA also submitted the Quarterly Reports in the docket of Case No. NEPR-MI-2020-0019, *In Re: Review of the Puerto Rico Electric Power Authority's System Remediation Plan*.

9. LUMA hereby submits a report on financial performance for FY2025, from July 1, 2024, through June 30, 2025 ("FY2025 Annual Report"). *See* Exhibit 1.

10. The FY2025 Annual Report provides information on LUMA's T&D expenditures, including expenditures for each of LUMA's Departments, as well as spending information for each

of the Improvement Portfolios, with a breakdown of costs for the Operating Budget and each of the Capital Budgets (Federally and Non-federally Funded). Relatedly, the FY2025 Annual Report includes information on Improvement Programs.

11. The FY2025 Annual Report also includes the quarterly information on Shared Services, *see* Exhibit 1, pp. 44-45, information on load and sales forecasts, *id*., at p. 18, and information on revenues collected from third-party attachments. *Id*., p. 24, 42.

12. Moreover, the FY2025 Annual Report identifies variances in Vegetation Management expenditures, *id.*, at p. 38, and includes information on vegetation clearing by voltage level. *Id.*, at p. 39.

13. Furthermore, the FY2025 Annual Report includes data on electrical utility field workers, including those qualified to work on energized lines and an explanation of recruitment efforts. *Id*., at p. 23.

14. Lastly, the FY2025 Annual Report includes a section with a report on efficiencies. *Id.*, at p. 43.

WHEREFORE, LUMA respectfully requests that the Honorable Energy Bureau **take notice** of the aforementioned for all purposes; **accept** LUMA's FY2025 Annual Report; and **deem** LUMA in compliance with requirements on financial performance for FY2025.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 28th day of October 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: Richard Cruz-Franqui, rcruzfranqui@gmlex.net; Mirelis Valle-Cancel, mvalle@gmlex.net; and Natalia Zayas Godoy, nzayas@gmlex.net; and to Genera PR, LLC, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com, Stephen Romero Valle, sromero@sbgblaw.com; Ricardo Pallens Cruz, ricardo.pallens@genera-pr.com; Ramón L. Ramos Aponte; rramos@splawpr.com; legal@genera-pr.com; and regulatory@genera-pr.com;

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Exhibit 1

FY2025 Annual Report

Supporting schedules to be submitted via email

Informe anual de LUMA

para el año fiscal 2025 que finaliza el 30 de junio de 2025

NUESTRA MISIÓN PARA PUERTO RICO ES:

Reconstruir y modernizar la red eléctrica para brindarles a los clientes un servicio eléctrico más confiable, resiliente, seguro y sostenible a precios razonables.

GENTE

Poner a la gente primero para brindarles una mejor experiencia centrada en el cliente

SEGURIDAD

Impulsar un desempeño eficiente en cuanto a la seguridad para el bienestar de nuestros clientes y empleados

CONFIABILIDAD

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

CUMPLIMIENTO

Ser éticos y cumplir con las reglas al seguir nuestros valores: orgullo, trato, responsabilidad, excelencia y valentía

FINANZAS

Estar dentro del presupuesto y optimizar el uso y la recaudación de fondos

Transformación del futuro energético de Puerto Rico: un año más de progreso, resiliencia y compromiso

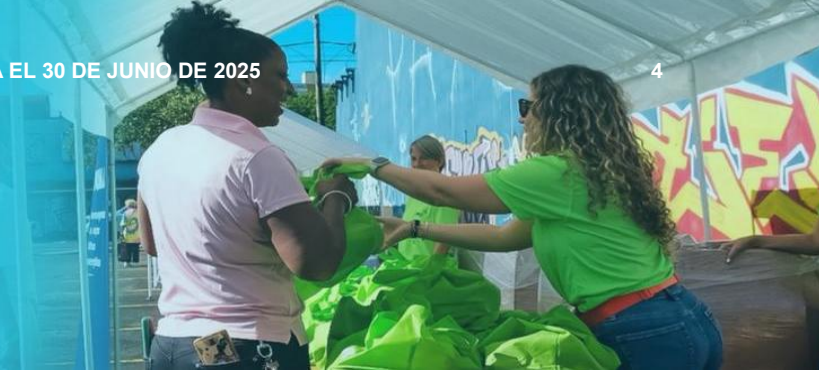
Durante el año fiscal 2025, LUMA continuó con su misión de transformar el sistema eléctrico de Puerto Rico enfocada en la estabilización operativa, la transformación de la infraestructura y la mejora del servicio al cliente, a pesar de enfrentar desafíos estructurales significativos. A lo largo del año, la empresa logró avances sustanciales en resiliencia y sostenibilidad, pese a las limitaciones presupuestarias y las condiciones del sistema precario que heredó.

En el ámbito operativo, LUMA reemplazó más de 15,900 postes deteriorados, realizó más de 1,100 tareas de mantenimiento y mejoró las estructuras de las líneas de 38 kV, 115 kV y 230 kV. El manejo de la vegetación fue una de sus prioridades, con más de 1,500 millas de líneas despejadas o podadas para mejorar la confiabilidad del sistema. Además, se instalaron más de 2,100 dispositivos automatizados de distribución y protección, y se repararon o reemplazaron más de 25,000 luminarias en todo el sistema.

En cuanto a la transición energética de Puerto Rico, LUMA activó la medición neta de más de 45,250 sistemas de paneles solares, lo que equivale a más de 339 MW de energía limpia integrada a la red. También, se implementaron sistemas de almacenamiento de energía en baterías luego de que se aprobaran cuatro acuerdos simplificados (SO1, por sus siglas en inglés) de interconexión y venta de energía que representan 110 MW. Se fortalecieron las capacidades internas mediante la modernización de subestaciones, la mejora de los sistemas de protección y control y el reemplazo de unidades terminales remotas.

Desde la perspectiva del servicio al cliente, LUMA atendió 2,189,395 llamadas con un tiempo de espera promedio inferior a dos minutos, brindó servicio a 457,306 millones de clientes con un tiempo de espera promedio de 7.78 minutos, rediseñó su sitio web, y mejoró la aplicación MiLUMA. También, se emitieron más de 10,600 reembolsos por eficiencia energética, y se inscribieron más de 27,000 clientes en el programa de *Energía compartida mediante baterías de clientes*, lo que aporta 107.5 MW de capacidad de energía distribuida.

En términos financieros, LUMA operó dentro del presupuesto aprobado: utilizó el 100% de sus presupuestos autorizados para operaciones y de capital no federales. Este informe refleja el compromiso continuo de LUMA con la transformación del sistema eléctrico de Puerto Rico, mediante un manejo técnico riguroso, una visión centrada en el cliente y una administración responsable del presupuesto. Los logros alcanzados durante el año fiscal 2025 sientan las bases para una red más confiable, moderna y resiliente al servicio del pueblo puertorriqueño.



Progreso para Puerto Rico durante el AF2025

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

MEJORAMOS LA CONFIABILIDAD

Instalamos sobre

2,132 APARATOS AUTOMATIZADOS DE DISTRIBUCIÓN Y PROTECCIÓN.

EXPANDIMOS LA ENERGÍA RENOVABLE

Activamos más de

45,250 sistemas solares en medición neta, lo que representa más de **339 MW de energía limpia.**

MEJORAMOS LA SEGURIDAD

Completamos más de

79,175 horas de adiestramientos en **SALUD Y SEGURIDAD** en el trabajo y en LUMA College.

AUMENTAMOS LA RESILIENCIA

Reemplazamos aproximadamente

16,000 postes **ROTOS O DETERIORADOS.**

MEJORAMOS EL SERVICIO AL CLIENTE

Atendimos más de

2,189,395 LLAMADAS con un tiempo de espera inferior a **dos minutos.**

PROYECTOS DE MEJORA EN LA INFRAESTRUCTURA

Reemplazamos o reparamos más de

25,000 LUMINARIAS.

Programas remediados en el año fiscal 2025:

Integración y preparación de sistemas de tecnologías de la información y de operaciones (IT/OT, por sus siglas en inglés)

- Este programa se enfoca en la implementación de las mejores prácticas de la industria, los procesos estandarizados y las tecnologías adecuadas para ofrecer servicios de IT/OT seguros, eficientes y resilientes para mejorar la seguridad operativa, el acceso a datos en tiempo real y el manejo del ciclo de vida de los activos tecnológicos
- Antes de que LUMA iniciara operaciones, el departamento de IT/OT carecía de procesos formales de manejo de servicios, utilizaba dispositivos obsoletos sin apoyo técnico para usuarios finales, no contaba con un seguimiento centralizado de activos, y operaba sin un enfoque estructurado para la prestación de servicios, lo que representaba riesgos de ciberseguridad, eficiencia y cumplimiento
- Ahora, LUMA ha implementado prácticas estandarizadas para el manejo de servicios, reemplazado todos los dispositivos críticos que alcanzaron el final de su vida útil, adoptado herramientas modernas para el manejo de dispositivos y fortalecido la arquitectura de la información, lo que ha mejorado de manera significativa la resiliencia operativa, la seguridad y la calidad del servicio

Evaluación de líneas de distribución

- Este programa evalúa las líneas de distribución para identificar problemas críticos y respaldar futuras reparaciones del sistema que mejoren la confiabilidad y cumplan con los estándares
- Antes de que LUMA iniciara operaciones, no se había realizado una evaluación integral del estado de las líneas de postes; tampoco se programaban inspecciones, por lo que no existían registros de las condiciones de los activos de distribución. Esta falta de información impedía identificar posibles fallas y evitar deficiencias generalizadas.

- Ahora, con la implementación de inspecciones de ingeniería, se cuenta con datos detallados que permiten conocer el estado real de los activos. Ya se han evaluado las principales líneas aéreas del sistema de distribución, y se han identificado y priorizado los activos de alto riesgo para su remediación, conforme a los estándares legales, de seguridad y confiabilidad en el marco de recuperación y transformación de LUMA

Evaluación de líneas de transmisión

- Este programa evalúa las líneas de transmisión para identificar deficiencias del sistema y respaldar futuras reparaciones que mejoren la confiabilidad y la resiliencia del sistema, de acuerdo con los estándares
- Antes de que LUMA iniciara operaciones, no se había realizado ni programado ninguna evaluación del estado del sistema de transmisión, por lo que no existían registros de las condiciones de los activos. Esta falta de información impedía identificar posibles fallas y evitar deficiencias generalizadas
- Ahora, ya se han evaluado las estructuras aéreas del sistema de transmisión, identificado y priorizado los activos de alto riesgo para su remediación, y desarrollado un plan coordinado para atender los problemas de seguridad y confiabilidad, conforme al marco de recuperación y transformación de LUMA

Programas completados en el año fiscal 2025:

Sistemas de información de recursos humanos (RR. HH.) y plataformas de aprendizaje

- Este programa viabiliza las mejoras en el desarrollo de los empleados y optimiza el manejo de los recursos humanos a través de una plataforma digital centralizada que garantiza una capacitación integral
- Antes de que LUMA iniciara operaciones, existían deficiencias críticas significativas en RR. HH. La capacitación estaba obsoleta, ya que no cumplía con los estándares de la industria; los sistemas de apoyo eran limitados, como el autoservicio para los empleados y las funciones estratégicas de RR. HH.; los procesos eran manuales y carecían de políticas y procedimientos escritos
- Ahora, LUMA ha adoptado un sistema moderno de capacitación y cumplimiento normativo que garantiza que todos los empleados comprendan las políticas corporativas y cumplan con los requisitos de regulación y los estándares contractuales. Además, implementó un sistema actualizado para manejar el capital humano, optimizar procesos, apoyar el talento y el desempeño, y habilitar programas de autoservicio y aprendizaje estructurado para empleados y gerentes en todas las funciones

Plan de estabilización prioritaria

En respuesta a la resolución y orden que el Negociado de Energía de Puerto Rico emitió el 28 de marzo de 2025, LUMA estableció el Plan de Estabilización Prioritaria del Sistema Eléctrico para atender las necesidades más apremiantes que afectan la confiabilidad y la resiliencia de la red eléctrica. A continuación, se destacan los esfuerzos de LUMA para implementar dicho plan, reforzar la infraestructura crítica, modernizar las operaciones de la red y promover la estabilidad del sistema a largo plazo mediante una serie de iniciativas coordinadas:

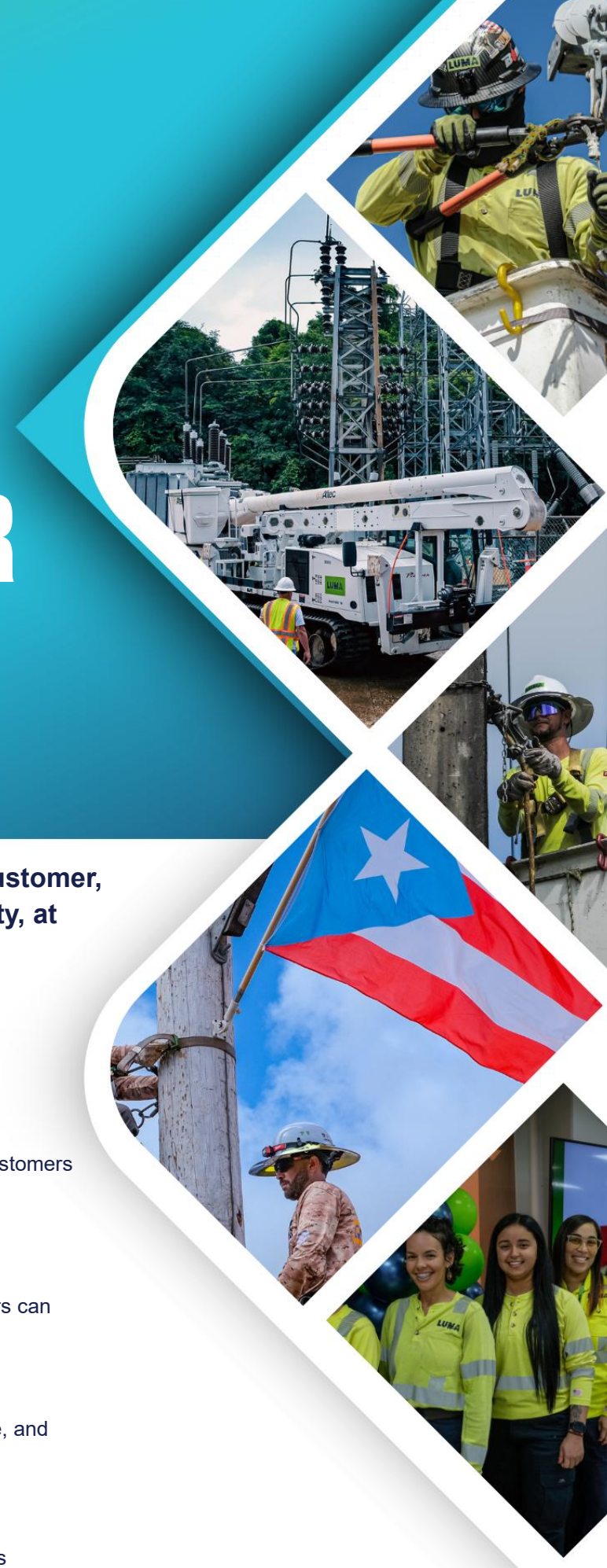
- **Manejo de la vegetación**
  - Se completaron podas preventivas y correctivas en líneas críticas de 115 kV y 230 kV, incluidas las líneas de Palo Seco–San Juan y AES–Yabucoa
  - Se finalizó la poda de puntos críticos (*hotspot trimming*) en múltiples circuitos de distribución en las regiones de Arecibo, Mayagüez y San Juan
- **Refuerzo de líneas de transmisión**
  - Se inspeccionaron los 51 segmentos prioritarios de transmisión
  - Se reemplazó el material de aislamiento y el hardware de más de 220 estructuras
- **Sistemas de almacenamiento de energía en baterías (BESS, por sus siglas en inglés)**
  - El Negociado de Energía de Puerto Rico aprobó cuatro acuerdos de oferta estándar para el Programa de Adición Acelerada de Almacenamiento, que representan un total de 110 MW; la Junta de Supervisión y Administración Financiera para Puerto Rico aprobó tres de ellos
- **Modernización de subestaciones**
  - Se completaron y energizaron tres proyectos de subestaciones de la Fase 1 (Santa Isabel, Bayamón y Hato Rey)
  - Se entregaron e instalaron transformadores para Caguas y Monacillos, cuya energización está programada para el AF2026
- **Protección y control de la red eléctrica**
  - Se completó el 65% de las mejoras de protección en las líneas de 230 kV y se finalizaron los estudios correspondientes para líneas de 115 kV
  - Se identificó la necesidad de reemplazar ocho relevadores y ajustar diez configuraciones para mejorar el desempeño del sistema de desconexión por baja frecuencia (UFLS, por sus siglas en inglés)

- **Reemplazo de unidades terminales remotas (RTU)**
  - De las 193 RTU cuyo reemplazo está planificado, se energizaron 17
- **Avances en interconexión de productores de energía independientes**
  - Se completó el diseño de interconexión para Jobos Solar; y la construcción para el seccionalizador de Salinas ha avanzado un 79%

LUMA Annual Report

for Fiscal Year 2025 ending June 30, 2025

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

Transforming Puerto Rico's Energy Future: A Year Striving for Progress, Resilience, and Commitment

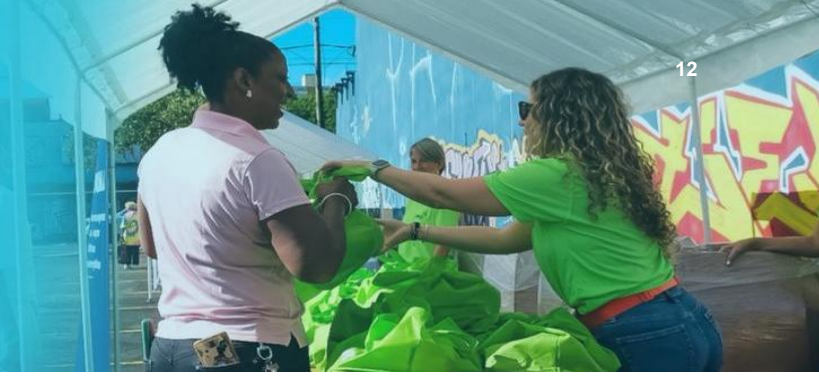
During Fiscal Year 2025, LUMA continued advancing its mission to transform Puerto Rico's electric system, addressing significant structural challenges while focusing on operational stabilization, infrastructure modernization, and enhanced customer service. Throughout the year, the company made substantial progress in resilience, and sustainability, despite budget constraints and the system it inherited in precarious conditions.

Operationally, LUMA replaced more than 15,900 damaged or deteriorated utility poles, executed over 1,100 maintenance tasks, and carried out structural upgrades on 38 kV, 115 kV, and 230 kV lines. Vegetation management remained a key priority, with more than 1,500 miles of transmission and distribution lines cleared or trimmed to enhance system reliability. Additionally, over 2,100 automated distribution and protection devices were installed, and more than 25,000 streetlights were repaired or replaced across the system.

In support of Puerto Rico's energy transition, LUMA activated more than 45,250 solar panel systems under net metering, representing over 339 MW of clean energy integrated into the grid. Progress was also made in deploying battery energy storage systems, with four Standard Offer 1 (SO1) agreements approved, totaling 110 MW. Internal capabilities were further strengthened through substation modernization, grid protection and control upgrades, and the replacement of remote terminal units.

From a customer service perspective, LUMA answered 2,189,395 calls with an average wait time of less than two minutes, served 457,306 customers with an average wait time of 7.78 minutes, redesigned its website, and enhanced the MiLUMA app. More than 10,600 energy efficiency rebates were issued, and over 27,000 customers enrolled in the Customer Battery Energy Sharing program, contributing 107.5 MW of distributed energy capacity to support grid stability.

Financially, LUMA operated within its approved budget, utilizing 100% of its approved operational and non-federally funded capital budgets allocations. This report reflects LUMA's ongoing commitment to transforming Puerto Rico's electric system through rigorous technical execution, customer-focused initiatives, and fiscally responsible management. The accomplishments of Fiscal Year 2025 lay the foundation for a more reliable, modern, and resilient grid serving the people of Puerto Rico.



Progress for Puerto Rico during Fiscal Year 2025

Building a Better Energy Future for All LUMA Customers

ENHANCING RELIABILITY

Installed over

2,132 DISTRIBUTION AUTOMATION AND PROTECTION DEVICES

EXPANDING RENEWABLES

Activated more than

45,250 solar systems in net energy metering, which represents over **339 MW of clean energy**

IMPROVING SAFETY

Completed

79,175

HEALTH AND SAFETY

on the job and LUMA College training hours

INCREASING RESILIENCY

Replaced approximately

16,000 BROKEN AND DAMAGED

utility poles

BETTER CUSTOMER SERVICE

Answered

2,189,395 CALLS

with a wait time of less than **two minutes**

INFRASTRUCTURE IMPROVEMENT PROJECTS

Replaced or repaired over

25,000

STREETLIGHTS

Programs Remediated in FY2025:

Information Technology/Operations Technology (IT/OT) Enablement

- This program focuses on implementing industry best practices, standardized processes, and fit-for-purpose technologies to enable secure, efficient, and resilient IT/OT service delivery, while enhancing operational safety, real-time data access, and lifecycle management of technology assets
- Before LUMA commenced operations, the IT/OT department lacked formal service management processes, used outdated and unsupported end-user devices, had no centralized asset tracking, and operated without a structured approach to IT/OT service delivery, creating cybersecurity, efficiency, and compliance risks
- Now, LUMA has implemented standardized service management practices, replaced critical end-of-life devices, deployed modern tools for device management, and strengthened information architecture, significantly improving operational resilience, security, and service quality

Distribution Lines Assessment

- This program assesses distribution lines to identify critical issues and support future system repairs that improve reliability and meet standards
- Before LUMA commenced operations, no comprehensive assessment or scheduled evaluations of distribution poles had been conducted, and there were no records of asset condition. This lack of information made it extremely difficult to identify potential failures and avoid widespread deficiencies
- Now, with the implementation of engineering inspections, detailed data is available to understand the condition of the assets. The main overhead distribution lines have been assessed, and high-risk assets have been identified and prioritized for remediation in alignment with legal, safety, and reliability standards under LUMA’s recovery and transformation framework

Assessment of Transmission Lines

- This program assesses transmission lines to identify system deficiencies and supports future repairs that enhance reliability and resilience in accordance with standards
- Before LUMA commenced operations, no transmission line health assessments or scheduled evaluations of the transmission system had been conducted, leaving the condition of field assets undocumented and resulting in widespread deficiencies
- Now, transmission overhead structures have been assessed, high-risk assets identified and prioritized for remediation, and a coordinated plan has been developed to address safety and reliability issues in line with standards and LUMA’s recovery and transformation framework

Programs Completed in FY2025:

Human Resources (HR) Information Systems and Learning Platforms

- This program supports improvements in employee development and the optimization of processes through a centralized digital platform to ensure comprehensive training
- Before LUMA commenced operations, there were significant HR deficiencies, including outdated training that did not meet industry or specialized standards, and support systems, such as employee self-service and strategic HR functions, were limited. Processes were manual and lacked written policies and procedures
- Now, LUMA has implemented a functional compliance and training system to ensure that all employees understand corporate policies, meet regulatory requirements, and adhere to contractual standards. A modern human capital management system was also deployed to streamline HR processes, support talent and performance management, and enable self-service and structured learning programs for employees across all departments

Priority Stabilization Plan

In response to the Puerto Rico Energy Bureau's (PREB) resolution and order issued on March 28, 2025, the Electric System Priority Stabilization Plan[1] (PSP) was established to address critical reliability and resilience challenges across Puerto Rico's electric grid. The following section outlines LUMA's role in implementing the PSP, highlighting targeted efforts to reinforce essential infrastructure, modernize grid operations, and promote long-term system stability through coordinated initiatives.

- **Vegetation Management**
  - Preventive and corrective trimming completed on critical 115 kV and 230 kV lines, including Palo Seco–San Juan and AES–Yabucoa
  - Hotspot trimming completed on multiple distribution circuits in the Arecibo, Mayagüez, and San Juan regions
- **Transmission Line Hardening**
  - All 51 priority transmission segments were inspected
  - More than 220 structures received insulation and hardware replacements
- **Battery Energy Storage Systems (BESS)**
  - The Puerto Rico Energy Bureau approved four standard offer agreements for the Accelerated Storage Addition Program, totaling 110 MW; the Financial Oversight and Management Board for Puerto Rico also approved three of them
- **Substation Rehabilitation**
  - Three Phase 1 substation projects (Santa Isabel, Bayamón, and Hato Rey) were completed and energized
  - Transformers for Caguas and Monacillos were delivered and installed, with energization scheduled for FY2026
- **Grid Protection and Control**
  - Protection upgrades on 230 kV are 65% complete, and studies for 115 kV lines have been finalized
  - Eight relay replacements and ten setting changes were identified to improve underfrequency load-shedding performance

[1] For additional information, please refer to Case No. NEPR-MI-2024-0005.

- **Remote Terminal Unit (RTU) Replacements**
  - Seventeen out of the 193 RTU replacements planned under this plan have been energized
- **IPP Interconnection Progress**
  - Interconnection design for Jobos Solar has been completed, and the Salinas Sectionalizer project is 79% complete

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Financial Performance

At the end of Fiscal Year 2025 (FY2025), LUMA's spending was within budget, with 100% of its annual operational and non-federally funded capital budgets spent.

Summary of FY2025 Spending ($ million)[2]

($ million)

	FY2025 Budget[3,4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Transmission & Distribution				
Operating Expenditures	$ 567.4	$ 566.7	$ 0.7	
Non-Federally Funded Capital Expenditures	$ 125.3	$ 125.6	$ (0.3)	
Subtotal[4]	**$ 692.7**	**$ 692.3**	**$ 0.4**	**0%**
Energy Efficiency Programs[5]	**$5.80**	**$5.80**		
Federally Funded Expenditures[6]	**$ 1,207.2**	**$ 684.1**	**$ 523.1**	**43%**

Energy Consumption and Base Revenue

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

	FY2025 Forecast	FY2025 Actuals	Variance
Total Consumption (GWh)	16,179	16,682	502
Base Revenue (millions)[7]	$ 1,151	$ 1,131	(20)

[2] Numbers in this report reflect PREB's June 10, 2025, budget amendment approval.
[3] FY2025 budget figures include a 2% reserve for excess expenditures.
[4] Figures in all tables have been rounded.
[5] 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 was $19.5 million, $13.7 million from the EE rider, and $5.8 million from the FY2024 rollover. LUMA spent the O&M budget rolled over from FY2024; any further expenditures will be covered by the EE rider. For more information, please refer to Case No. NEPR-MI-2022-0001.
[6] Federally Funded Expenditures include Capital and General & Administrative charges.
[7] Base revenue does not include revenue from fuel adjustment, purchased power, contribution in lieu of taxes, or subsidies.

Transmission & Distribution Operating Expenditures ($ million)

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor				
Salaries, Wages and Benefits	280.4	285.9	(5.5)	
Total Labor	**$ 280.4**	**$ 285.9**	**$ (5.5)**	**(2%)**
Non-Labor				
Materials & Supplies	25.9	27.7	(1.8)	
Transportation, Per Diem, and Mileage	11.8	16.9	(5.1)	
Property & Casualty Insurance	18.5	19.4	(0.9)	
Security	7.3	6.6	0.7	
IT Service Agreements	27.2	26.7	0.5	
Utilities & Rents	8.7	8.9	(0.2)	
Legal Services	8.2	10.6	(2.4)	
Communications Expenses	0.2	0.1	0.1	
Professional & Technical Outsourced Services	109.9	109.8	0.1	
Vegetation Management	50.0	46.6	3.4	
Other Miscellaneous Expenses	8.2	7.5	0.7	
Total Non-Labor / Other Operating Expense	**$ 275.9**	**$ 280.8**	**$ (4.9)**	**(2%)**
Subtotal	**$ 556.3**	**$ 566.7**	**$ (10.4)**	**(2%)**
2% Reserve for Excess Expenditures	**$ 11.13**	**$ -**	**$ 11.13**	
Total Operating Expenditures	**$ 567.4**	**$ 566.7**	**$ 0.7**	**0%**

Operating Expenditures by Department

Customer Experience Operational Expenditures ($ million)

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

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor				
Salaries, Wages and Benefits	45.6	45.9	(0.3)	
Total Labor	**$ 45.6**	**$ 45.9**	**$ (0.3)**	**(1%)**
Non-Labor				
Materials & Supplies	-	-	-	
Transportation, Per Diem, and Mileage	0.4	0.4	-	
Property & Casualty Insurance	-	-	-	
Security	-	-	-	
IT Service Agreements	-	-	-	
Utilities & Rents	0.2	0.2	-	
Legal Services	-	-	-	
Communications Expenses	-	-	-	
Professional & Technical Outsourced Services	39.2	43.1	(3.9)	
Vegetation Management	-	-	-	
Other Miscellaneous Expenses	-	-	-	
Total Non-Labor / Other Operating Expense	**$ 39.8**	**$ 43.7**	**$ (3.9)**	**(10%)**
Total Operating Expense	**$ 85.4**	**$ 89.6**	**$ (4.2)**	**(5%)**

Key activities accomplished during FY2025:

- Activated more than 45,250 solar systems in net energy metering and processed over 45,000 system applications, contributing over 339 MW of additional residential solar capacity
- Completed more than 2.5 million outbound calls, resulting in over 35,000 customers enrolling in payment agreements, thereby improving LUMA's overall collection efforts
- Executed over 4,230 non-payment disconnections and issued more than 23,000 thirty-day disconnection notices, and 25,000 overdue payment reminders to support collection efforts and customer engagement
- Enrolled 12,447 opt-in participants in the Customer Battery Energy Sharing program, contributing 64.5 MW of distributed energy capacity to support grid stability and reduce load shedding
- Issued over 10,100 financial rebates to residential customers, including 993 low-income households, and to 217 commercial customers for the purchase of high-efficiency equipment, helping reduce both energy consumption and operational costs
- Redesigned and launched the LUMA website, improving digital customer interaction and integrating it with the MiLUMA app for a more user-friendly experience for the customers
- Answered 2,189,395 calls with a wait time of less than two minutes and served 457,306 customers with an average wait time of 7.78 minutes in our regional customer experience offices, creating service orders, collecting invoices, and providing guidance

The primary driver of the $4.2 million unfavorable variance in Customer Experience operating expenditure is higher-than-budgeted payment processing fees. Additionally, as part of year-end reconciliations, payment processing invoices that had not yet been posted to the general ledger were recorded to ensure financial accuracy for the reporting period. This factor, combined with a sustained increase in electronic transactions and their associated costs, contributed to the variance despite recent budget amendments.

Operations Operating Expenditures ($ million)

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

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor				
Salaries, Wages and Benefits	141.9	155.5	(13.6)	
Total Labor	**$ 141.9**	**$ 155.5**	**$ (13.6)**	**(10%)**
Non-Labor				
Materials & Supplies	12.8	17.6	(4.8)	
Transportation, Per Diem, and Mileage	6.8	13.2	(6.4)	
Property & Casualty Insurance	-	-	-	
Security	-	-	-	
IT Service Agreements	-	-	-	
Utilities & Rents	1.2	1.4	(0.2)	
Legal Services	-	0.1	(0.1)	
Communications Expenses	0.1	0.1	-	
Professional & Technical Outsourced Services8	17.7	15.9	1.8	
Vegetation Management	50.0	46.6	3.4	
Other Miscellaneous Expense	0.4	0.6	(0.2)	
Total Non-Labor / Other Operating Expense	**$ 89.0**	**$ 95.5**	**$ (6.5)**	**(7%)**
Total Operating Expense	**$ 230.9**	**$ 251.0**	**$ (20.1)**	**(9%)**

Key activities accomplished during FY2025:

- Completed over 174 planned outages in coordination with multiple operational teams to perform preventive maintenance and system upgrades, including the repair of 208 hot spots identified through thermography, as well as work on conductors, bridges, insulators, and other components, all aimed at enhancing system capacity and supporting future energy demands
- Performed 1,790 preventive maintenance tasks—including thermography inspections, battery bank checks, breaker testing, and transformer inspections—and completed 452 corrective maintenance tasks such as replacing internal chambers, repairing bus supports, fixing oil leaks, and servicing switches and breakers
- Replaced one hundred seventeen 38 kV and seventeen 115 kV structures to enhance service reliability and maintain system integrity
- Managed vegetation across 1,611 right-of-way miles, including trimming 730 miles of distribution and 881 miles of transmission lines, completed maintenance trimming on 27 circuits, and completed two full rounds of substations' preventive vegetation management control
- Upgraded insulated hardware on one thousand and thirty-six 38 kV line structures, one hundred eighty-eight 115 kV structures, and thirty-two 230 kV structures

The primary driver of the $20.1 million unfavorable variance in Operations' operating expenditures was higher-than-budgeted labor and transportation costs, associated with the reorganization of personnel from another department into Operations to align with business strategies. A larger-than-anticipated amount of overtime for outage restoration activities contributed to the variance, reflecting the reality that the system is degrading faster than it can be repaired under current funding levels. This situation increases the frequency and complexity of required maintenance and restoration activities, further driving up operating costs. Labor costs were further impacted by the annual leave accrual adjustment to ensure compliance with labor agreements and regulatory reporting requirements. Adjustments of this nature are typical at year-end to align recorded liabilities with actual earned balances. The capture of vehicle usage costs by departments, enabled

by the rollout of the time recording enhancement system, also contributed to the unfavorable variance. The majority of these costs were forecast centrally through Support Services' operating expenditures. Material and supply costs were higher than expected, primarily due to an inventory write-off adjustment. As part of prudent asset management and in accordance with industry practice, LUMA recorded a write-off to remove obsolete, damaged, and scrap materials from its books. However, favorable variance in Vegetation Management costs and savings in professional and technical outsourced service expenses partially offset this increase.

LUMA Electrical Utility Field Workers

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

Electrical Utility Field Worker Type	Electrical Utility Field Worker as of June 30, 2025[10]
Utility electrician	108
Apprentice underground technician	27
Underground Technician	5
Apprentice substation technician[9]	53
Substation technician[8]	50
Senior substation technician[8]	23
Meter technicians	27
Low-voltage technician	113
Foreman[8]	93
Foreman - low voltage	35
Apprentice lineworker, 1st period	19
Apprentice lineworker, 2nd period	11
Apprentice lineworker, 3rd period	19
Apprentice lineworker, 4th period[9]	27
Apprentice lineworker, 5th period[9]	38
Apprentice lineworker, 6th period[9]	42
Apprentice lineworker, 7th period[9]	53
Journeyman lineworker[8]	365
Total	**1,108**

LUMA remained committed to strengthening its electrical utility field workforce to meet the operational demands of Puerto Rico's transmission and distribution system. LUMA budgeted 1,651 full-time electrical utility field workers for FY2025; staffing levels ranged from 1,029 in the first quarter up to 1,108 by the end of June 2025. To support this growth, LUMA implemented a comprehensive recruitment strategy that included continuous hiring through a dedicated platform, participation in job fairs across Puerto Rico and the mainland U.S., and international recruitment efforts targeting skilled lineworkers. New pathways were developed for candidates with relevant experience but without formal certification, offering training that leads to certification, qualifying and authorizing a line worker from the International Brotherhood of Electrical Workers for eventual full-time employment. Tailored onboarding programs, year-round application intake, and targeted recruitment campaigns further supported the effort to attract qualified candidates.

To prioritize workforce retention to ensure long-term operational stability. The company actively monitored workforce metrics to manage turnover and implemented structured advancement pathways, including clear progression from apprentice to journeyworker. Competitive compensation and benefits, along with a supportive work environment, helped reinforce employee satisfaction and engagement. LUMA also invested in continuous technical and safety training to ensure employees remained well-prepared and confident in their roles. These combined efforts reflect LUMA's strategic focus on building a resilient, skilled, and motivated workforce capable of supporting the island's energy infrastructure now and into the future.

[8] These electrical utility field workers are qualified to work on energized lines.
[9] These electrical utility field workers are qualified to work on energized lines, either independently or under the supervision of a journeyperson lineworker or journeyperson substation technician.
[10] The figures reflect the full-time employees and exclude groundpeople, operators, and laborers who support electrical utility field workers.

Utility Transformation Operating Expenditures ($ million)

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 outlined in the System Remediation Plan and focuses on the long-term vision outlined in the Integrated Resource Plan.

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor				
Salaries, Wages and Benefits	22.8	20.4	2.4	
Total Labor	**$ 22.8**	**$ 20.4**	**$ 2.4**	**11%**
Non-Labor				
Materials & Supplies	2.1	4.4	(2.3)	
Transportation, Per Diem, and Mileage12	3.8	2.8	1.0	
Property & Casualty Insurance	-	-	-	
Security	-	-	-	
IT Service Agreements	-	-	-	
Utilities & Rents	0.8	0.8	-	
Legal Services	1.0	1.8	(0.8)	
Communications Expenses	-	-	-	
Professional & Technical Outsourced Services	7.3	5.4	1.9	
Vegetation Management	-	-	-	
Other Miscellaneous Expenses	0.1	0.1	-	
Total Non-Labor / Other Operating Expense	**$ 15.1**	**$ 15.3**	**$ (0.2)**	**(1%)**
Total Operating Expense	**$ 37.9**	**$ 35.7**	**$ 2.2**	**6%**

Key activities accomplished during FY2025:

- Advanced the two-year stabilization plan by identifying critical system constraints and prioritizing mitigation actions to strengthen grid performance
- Refined maintenance priorities and conducted a system-wide line prioritization to guide restoration of out-of-service equipment, directly supporting improved system reliability
- Processed 109 third-party attachment applications for 8,315 poles, enabling broader telecommunications access while ensuring compliance and safety. Additionally, collected over $61,400 in third-party attachment application fees and improved internal workflows to accelerate review and approval timelines
- Published Federal Emergency Management Agency (FEMA) and Grants Management Manuals to align internal processes with federal Uniform Guidance, maximizing eligibility for federal reimbursements
- Configured and expanded asset management software to monitor major substation assets and proactively address operational risks, and created a formal process for publishing technical standards and bulletins, providing timely guidance for construction and installation activities

The $2.2 million favorable variance in Utility Transformation's operating expenditures was primarily driven by favorable year-end labor equalization adjustments and a strategic decision to reallocate personnel to stabilization capital projects (Substation Reliability program), initially scheduled for the upcoming year, which was advanced into Q4 FY2025. The variance was also impacted by increased asset reconciliation adjustments recorded in April to reflect tools and equipment that were retired, reclassified, or otherwise adjusted in the asset register during our regular annual review. This process ensures that the asset ledger accurately reflects items currently in service and aligns with operational records. This was offset by lower professional and technical outsourced service expenses due to higher-than-expected allocations of professional services to capital work.

Support Services Operating Expenditures ($ million)

LUMA's Support Service functions enable the delivery of electric services by supporting the entire enterprise. These functions include safety, physical security, 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.

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor				
Salaries, Wages and Benefits	70.1	64.1	6.0	
Total Labor	**$ 70.1**	**$ 64.1**	**$ 6.0**	**9%**
Non-Labor				
Materials & Supplies	11.0	5.7	5.3	
Transportation, Per Diem, and Mileage	0.8	0.5	0.3	
Property & Casualty Insurance	18.5	19.4	(0.9)	
Security	7.3	6.6	0.7	
IT Service Agreements	27.2	26.7	0.5	
Utilities & Rents	6.5	6.5	-	
Legal Services	7.2	8.7	(1.5)	
Communications Expenses	0.1	-	0.1	
Professional & Technical Outsourced Services	45.7	45.4	0.3	
Vegetation Management	-	-	-	
Other Miscellaneous Expenses	7.7	6.8	0.9	
Total Non-Labor / Other Operating Expense	**$ 132.0**	**$ 126.3**	**$ 5.7**	**4%**
Total Operating Expense	**$ 202.1**	**$ 190.4**	**$ 11.7**	**6%**

Key activities accomplished during FY2025:

- Achieved reduction in incidents related to key safety behaviors— reduction of 92% for seat belt use, and 88% for cellphone use—through the implementation of the telematics program
- Delivered 660 talks on electrical safety, reaching 19,200 participants and providing more than 30,100 contact hours of training. These efforts reached the majority of our workforce through foundational programs such as First Aid, Cardiopulmonary Resuscitation, and Job Hazard Analysis, as well as technical training mandated by the Occupational Safety and Health Administration —strengthening operational readiness and safety across all departments
- Led the implementation and integration of WebEOC, a FEMA-supported emergency management platform, to execute LUMA's Emergency Response Plan, enhance Incident Command System coordination, and improve situational awareness—demonstrated during the 2024 Puerto Rico General Elections through real-time infrastructure tracking, proactive restoration, and transparent reporting. Evidence from FY2025, LUMA earned the Gold Award in Chartwell's 2025 Excellence in Emergency Management
- Carried out cycle count audits in several warehouses representing 85% of total inventory value and achieved 100% accuracy, which helps validate inventory records, strengthen internal control, and enhance data reliability
- Completed the installation of new system-required software to upgrade the Occularis (closed-circuit television) and Honeywell (electronic access control) applications. Installed closed-circuit television and electronic access control in various substations, customer service centers, technical and regional offices, mechanic and fleet shops, warehouses, and Santurce offices
- Prepared and submitted 290 documents and attended to more than 20 technical conferences before the PREB on topics including vegetation management, emergency response plan compliance, rate review, initial budgets, permanent rate, and integrated resource plan, among others

The $11.6 million favorable variance in Support Services operating expenditure was primarily driven by reduced materials, transportation, and labor expenses. These reductions were mainly due to the continued rollout of the time recording

enhancement system, which shifted vehicle usage costs directly to the projects and operating departments that incurred them. This ensures greater accuracy and transparency in cost attribution as we advance. Additionally, during the year-end review, previously forecasted costs were refined to reflect actual cost allocations. Some costs originally forecasted centrally had already been captured in departmental actuals, resulting in a favorable adjustment. LUMA achieved additional savings through labor cost reductions under the extended shared services agreement.

FY2025 Improvement Programs

On June 1, 2021, LUMA assumed operations of Puerto Rico's electric transmission and distribution system, inheriting a precarious, mismanaged, and neglected electric system. 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 Programs[11] 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 provides key activities completed during the year, along with an explanation of any spending variances. Unless otherwise noted, LUMA does not anticipate any deviations from established program milestones.

Improvement Portfolio Summary ($ million)

($ million)

Portfolio	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Customer Experience	379.8	271.3	108.5	29%
Distribution	302.5	169.6	132.9	44%
Transmission	123.2	97.2	26.0	21%
Substation	147.9	147.5	0.4	0%
Control Center & Buildings	33.9	16.0	18.0	53%
Enabling	374.7	161.6	213.1	57%
Support Services	32.6	14.4	18.2	56%
Total	**$ 1,394.6**	**$ 877.6**	**517.0**	**37%**

[11] LUMA developed these programs in late 2020. Subsequently, the P3 Authority and the Puerto Rico Energy Bureau reviewed and approved them as part of the Initial Budgets (docket NEPR-MI-2021-0004) and the System Remediation Plan (docket NEPR-MI-2020-0019). As part of these programs, the Energy Bureau also reviewed and approved initial scopes of work for specific federally funded projects under docket NEPR-MI-2021-0002. Detailed information on the budget, the System Remediation Plan, and implementing federally funded capital investments is available on the Energy Bureau's website.

Capital Expenditure by Funding

Transmission & Distribution Capital Expenditures – Federally Funded

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Improvement Portfolio				
Customer Experience	351.6	249.8	101.8	
Distribution	273.9	139.4	134.6	
Transmission	113.8	87.1	26.6	
Substations	119.0	116.0	2.9	
Control Center & Buildings	28.9	12.3	16.7	
Enabling	278.6	78.9	199.7	
Support Services	17.7	0.6	17.2	
Subtotal	**$ 1,183.5**	**$ 684.1**	**$ 499.4**	**42%**
Other				
2% Reserve for Excess Expenditures	23.7	-	23.7	
Total Capital Expenditures	**$ 1,207.2**	**$ 684.1**	**$ 523.1**	**43%**

Transmission & Distribution Capital Expenditures – Non-Federally Funded

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Improvement Portfolio				
Customer Experience	21.4	20.8	0.6	
Distribution	28.6	30.2	(1.6)	
Transmission	9.4	10.0	(0.7)	
Substations	28.6	31.1	(2.5)	
Control Center & Buildings	3.5	3.3	0.3	
Enabling	20.8	20.6	0.2	
Support Services	10.5	9.5	0.9	
Subtotal	**$ 122.8**	**$ 125.6**	**$ (2.8)**	**(2%)**
Other				
2% Reserve for Excess Expenditures	2.5	-	2.5	
Total Capital Expenditures	**$ 125.3**	**$ 125.6**	**$ (0.3)**	**(0%)**

Customer Experience Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Distribution Streetlighting	**$ 203.6**	**$ 142.1**	**$ 61.5**	
Federally Funded	203.6	142.1		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	81.4	56.8		
AMI Implementation Program	**$ 148.0**	**$ 107.7**	**$ 40.3**	
Federally Funded	148.0	107.7		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	-	-		
Programs <5% of Portfolio Total	**$ 28.3**	**$ 21.6**	**$ 6.7**	
Federally Funded	-	(0.0)		
Non-Federally Funded	21.4	20.8		
OpEx	6.8	0.8		
SRP	3.6	0.4		
Total	**$ 379.8**	**$ 271.3**	**$ 108.5**	**29%**

The **Distribution Streetlighting** program focuses on upgrading and replacing distribution streetlights. Key FY2025 activities included repairing more than 25,000 streetlights and replacing over 12,500 poles across multiple municipalities, including Adjuntas, Aguada, Aguadilla, Aibonito, Añasco, Arroyo, Barranquitas, Bayamón, Caguas, Carolina, Catano, Ceiba, Cidra, Coamo, Comerío, Corozal, Culebra, Dorado, Florida, Guánica, Guaynabo, Gurabo, Hatillo, Jayuya, Lajas, Las Marías, Las Piedras, Luquillo, Manatí, Maunabo, Mayagüez, Morovis, Naguabo, Naranjito, Orocovis, Salinas, San Germán, Toa Baja, Trujillo Alto, Vega Alta, Villalba and Yabucoa. The total spending for FY2025 was lower than expected because we replaced fewer streetlights than anticipated due to processing lags in contract approvals and a shift in strategy from Phase 1 work, which encompasses component replacement, to Phase 2 and Phase 3 work, which includes pole replacements.

The **Advanced Metering Infrastructure (AMI) Implementation** program establishes a two-way communication system to collect detailed metering data across the utility's service territory. This foundational technology supports enhanced system resiliency and reliability. The program will deploy approximately 1.5 million smart meters, create a digital communications network, and integrate a head-end and a meter data management system. Key activities in FY2025 included completing 419,937 AMI meter pre-deployment walkdowns, during which meter-to-transformer relationships were verified and corrected. LUMA completed acceptance testing for all meter types scheduled for deployment and executed contracts with the meter technology supplier, two systems integrators, and a project management office. Additionally, LUMA initiated the request-for-proposals process for the meter data management system—a critical infrastructure component that manages customer billing data, meter reads, and exception handling. Major integrations of the AMI system with internal LUMA systems have also commenced. During the fiscal year, LUMA completed 9,821 meter exchanges and established 26 network points. The company began replacing Echelon meters—installed initially as part of a pilot program by the previous operator—with AMI meters. The AMI head-end system has successfully read all deployed AMI meters at a 99.9% read rate and has used this data for billing purposes. The total spending for FY2025 was lower than expected due to delays in contract signing and in managing working capital advances. After developing and releasing the request for proposal, selecting a vendor, and finalizing and awarding the contract, implementation began, achieving the FY2025 milestone.

Distribution Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Distribution Line Rebuild	**$ 115.3**	**$ 43.3**	**$ 72.0**	
Federally Funded	109.6	37.9		
Non-Federally Funded	5.7	5.5		
OpEx	-	(0.0)		
SRP	100.4	37.7		
Distribution Automation	**$ 96.0**	**$ 41.2**	**$ 54.8**	
Federally Funded	90.0	34.6		
Non-Federally Funded	6.0	6.6		
OpEx	-	-		
SRP	-	-		
Distribution Pole & Conductor Repair	**$ 79.6**	**$ 81.1**	**$ (1.4)**	
Federally Funded	62.7	62.8		
Non-Federally Funded	16.9	18.2		
OpEx	-	-		
SRP	32.0	32.6		
Programs <5% of Portfolio Total	**$ 11.6**	**$ 4.0**	**$ 7.6**	
Federally Funded	11.6	4.0		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	5.6	1.9		
Total	**$ 302.5**	**$ 169.6**	**$ 132.9**	**44%**

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines to improve system reliability and resiliency. It restores out-of-service circuits, completes previously abandoned circuit construction, performs voltage conversions to improve distribution capacity, constructs new distribution line extensions to serve additional customers, and installs underground cable or tree wire to enhance service for critical customers. Key activities in FY2025 included submitting seven scopes of work (SOWs) to FEMA, with three advancing to the final review phase. Additionally, two projects reached construction-ready status. The total spending for FY2025 was lower than expected due to delays in starting engineering work for new feeder groups that were pushed to future fiscal years to optimize the scope of existing in-flight projects, and delays in FEMA project review. Additionally, a delay in federal funding obligations pending alignment on the scope of eligibility for hazard mitigation has impacted construction start estimates.

The **Distribution Automation** program focuses on deploying distribution automation equipment to improve system reliability. This includes installing fault indicators, optimizing fuses, and installing reclosers on selected feeders to reduce the number of customers affected by each outage. The program also involves engineering work to support the deployment of this equipment. Key FY2025 activities included installing 1,205 circuit fault indicators and 124 fuse cut-outs, commissioning 115 reclosers, and conducting 688 fuse optimizations. Additional activities included engineering 5,498 automated devices; completing protection settings for 1,825 automated devices and 208 feeders; performing a reliability analysis on 408 feeders; preparing work order packages for 6,955 devices; repairing 339 hotspots; and addressing 189 infrastructure issues. This year, this program has avoided more than 228 million minutes of customer interruptions. The total spending for FY2025 was lower than expected due to the timing of federal funding obligations, which limited the number of reclosers installed and postponed the milestone for installing communication fault current indicators.

The **Distribution Pole & Conductor Repair** program aims to mitigate safety hazards caused by damaged distribution poles and conductors, while enhancing the reliability and resilience of the distribution infrastructure. Major repairs and replacements are prioritized based on engineering assessments. Key FY2025 activities included installing more than 3,600 poles and obtaining federal funding obligation for eight projects covering 3,291 poles. We submitted two initial SOWs and two detailed SOWs covering 770 poles. The total spending for FY2025 was higher than forecasted due to a ramp-up plan that was put in motion during the fourth quarter, allowing LUMA to execute (field installation) more work than forecasted. The milestone of completing the first visual assessments (0s and 1s) was completed in H2 FY2025, through the Distribution Line Assessments Program.

Transmission Improvement Portfolio Summary ($ million)

The **Transmission Improvement Portfolio** focuses on enhancing system recovery, resilience, and transformation through Transmission Line Rebuilds, Transmission Priority Pole Replacements, and IT/OT telecom systems and networks.

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Transmission Line Rebuild	**$ 67.7**	**$ 47.1**	**$ 20.5**	
Federally Funded	66.7	46.9		
Non-Federally Funded	0.9	0.2		
OpEx	-	-		
SRP	66.7	46.5		
Transmission Priority Pole Replacements	**$ 28.3**	**$ 34.5**	**$ (6.3)**	
Federally Funded	21.3	26.1		
Non-Federally Funded	7.0	8.5		
OpEx	-	-		
SRP	21.3	26.0		
IT OT Telecom Systems & Network	**$ 24.3**	**$ 14.4**	**$ 9.9**	
Federally Funded	22.9	13.0		
Non-Federally Funded	1.4	1.4		
OpEx	-	-		
SRP	22.9	13.5		
Programs <5% of Portfolio Total	**$ 2.9**	**$ 1.2**	**$ 1.8**	
Federally Funded	2.9	1.2		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	-	-		
Total	**$ 123.2**	**$ 97.2**	**$ 26.0**	**21%**

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading the 230 kV, 115 kV, and 38 kV transmission infrastructure. Key activities in FY2025 included replacing 54 structures on a critical transmission line and submitting 14 detailed SOWs to FEMA. LUMA prioritized project scopes based on impact and restructured transmission line rebuilds into sub-projects between substations to enhance execution efficiency. Collaboration with the Central Office for Recovery, Reconstruction, and Resiliency and FEMA advanced the environmental and historic preservation review process. At the same time, FEMA began developing a tool to streamline environmental and historic preservation reviews. LUMA also initiated design work for five critical stabilization projects and received 41 reports from architecture and engineering firms to optimize project scopes and improve portfolio execution. The total spending for FY2025 was lower than expected due to delays in engineering related to the scope of optimization for existing in-flight projects and to prioritizing resources for System Stabilization Plan projects.

The **Transmission Priority Pole Replacement** program includes replacing damaged overhead transmission poles, towers, and associated hardware and conductors. Key FY2025 activities included restoring power flow between Jobos TC and Santa Isabel TC through the design and installation of 49 new structures in an area that had been without full transmission capacity since Hurricane María, completing work on 15 of the worst-performing lines with targeted repairs and upgrades on critical lines 300, 500, 1000, and 37400 significantly improving system reliability and reducing outage frequency, submitting two detailed scopes of work to FEMA for transmission lines 16500 and 9600 to advance federal coordination, executing over 50 critical repairs across the island addressing urgent reliability issues on major transmission lines in regions including Juncos, Guayama, Arroyo, and Caguas, and replacing over 90 transmission structures cross the 38 kV and 115 kV systems to address aging infrastructure and improve system performance. The total spending for FY2025 was higher than expected due to the execution of more pole replacements, insulator replacements, hardware

replacements, and line switch replacements, as well as the performance of additional engineering design on FEMA projects than initially planned.

The **IT/OT Telecom Systems & Network** program supports investments to enhance systems that transmit and distribute IT/OT data for substation operations. Key activities in FY2025 included completing the deployment of the internet protocol control network enhancing grid communications and resiliency, completion of high-level design specifications for the transport network to support procurement readiness, submitting two detailed SOWs to FEMA for the transport network and tower infrastructure advancing federal coordination, finalizing the procurement of the Microwave program enabling the launch of a key communications initiative, and completing 66 circuit identification site visits and 29 walk-downs validating physical infrastructure and informing design and construction planning for the transport network. The total spending for FY2025 was lower than expected due to changes in the strategy for Transport Network program development (redefinition of the number of sites per group), the removal of planned telecom towers/infrastructure of Groups G and H (each group consisted of several sites, and some of them were descoped) due to microwave program revision, which delayed architecture and engineering assignment. The milestone of defining the field area network strategy was achieved, and repairs and upgrades to the telecommunications infrastructure have commenced to support Internet Protocol-based traffic.

Substations Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Substation Rebuilds	**$ 92.8**	**$ 94.7**	**$ (1.9)**	
Federally Funded	89.0	91.0		
Non-Federally Funded	3.8	3.7		
OpEx	-	-		
SRP	46.7	47.6		
Substation Reliability	**$ 50.3**	**$ 48.5**	**$ 1.8**	
Federally Funded	25.8	21.1		
Non-Federally Funded	24.5	27.4		
OpEx	-	0.0		
SRP	-	-		
Programs <5% of Portfolio Total	**$ 4.8**	**$ 4.3**	**$ 0.5**	
Federally Funded	4.1	3.9		
Non-Federally Funded	0.3	(0.0)		
OpEx	0.4	0.4		
SRP	4.1	3.7		
Total	**$ 147.9**	**$ 147.5**	**$ 0.4**	**0%**

The **Substation Rebuilds** program focuses on upgrading transmission and distribution substations to enhance the reliability of the electric grid. Key activities in FY2025 included energizing a 115 kV breaker at the Aguirre substation and installing a 280 MVA transformer at Bayamón Transmission Center. LUMA advanced transformer replacements at the Hato Rey and Santa Isabel substations, and began rebuilding the Río Grande substation. Crews completed minor repair projects, including fence replacements, roof repairs, painting, and physical security upgrades, at more than a dozen substations. LUMA also energized two 230 kV breakers at Costa Sur, installed multiple 38 kV and 4 kV breakers at key sites, and continued infrastructure upgrades, including physical security, at locations such as Canóvanas, Covadonga GIS, Morovis, Quebradillas, and Río Bayamón. The total spending for FY2025 was higher than anticipated due to an earlier-than-planned start on two FY2026 projects (i.e., Cataño and Aguirre) in Q4 of FY2025.

The **Substation Reliability** program focuses on upgrading and reinforcing aging infrastructure to enhance system reliability. Key FY2025 activities included replacing over 30 distribution and transmission breakers across the island directly improving system protection, completing civil works and transportation for four transformers supporting critical capacity and reliability improvements at Monacillos, Bayamón, and Caguas TC, achieving installation of 19 remote terminal units (RTUs) enhancing remote monitoring and control capabilities, launching the substation testing initiative conducted at three sites to assess the condition of substation equipment and inform future replacement and maintenance strategies, and submitting the Substation Component Replacement project detailed SOW to FEMA. The total spending for FY2025 was lower than anticipated due to a lengthy federal fund obligation process, but was partially offset by an increase in execution of non-federal project activity for System Stabilization Plan projects.

Control Center and Buildings Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Facilities Development & Implementation	**$ 15.0**	**$ 3.4**	**$ 11.5**	
Federally Funded	11.0	0.1		
Non-Federally Funded	3.0	2.9		
OpEx	1.0	0.4		
SRP	13.9	3.2		
Critical Energy Management System Upgrades	**$ 12.6**	**$ 9.5**	**$ 3.2**	
Federally Funded	12.2	9.5		
Non-Federally Funded	-	-		
OpEx	0.5	(0.0)		
SRP	8.9	6.7		
Control Center Construction & Refurbishment	**$ 5.7**	**$ 2.7**	**$ 3.1**	
Federally Funded	5.7	2.7		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	4.6	2.1		
Programs <5% of Portfolio Total	**$ 0.6**	**$ 0.4**	**$ 0.2**	
Federally Funded	0.0	-		
Non-Federally Funded	0.5	0.4		
OpEx	-	-		
SRP	-	-		
Total	**$ 33.9**	**$ 16.0**	**$ 18.0**	**53%**

The **Facilities Development & Implementation** program focuses on construction and remediation efforts for facilities and real property. Key FY2025 activities included conducting comprehensive infrastructure inspections and implementing crucial upgrades, such as replacing power transformers, air conditioning systems, and chillers, across multiple facilities, including customer service buildings. Additionally, prioritizing safety-related projects, while preparations for hurricane season ensured readiness through inspections and system verifications, including power generators, water cisterns, and roofing assurance. The total spending for FY2025 was lower than expected due to pending approvals for projects submitted for funding obligations.

The **Critical Energy Management System Upgrades** program will replace obsolete and unsupported energy management systems and introduce new technologies to ensure the safe and reliable operation of the electric grid. Key FY2025 activities included continuing the conversion of supervisory control and data acquisition databases and displays, preparing and executing field equipment connectivity testing, and making significant progress toward commissioning the new Energy Management System (EMS). LUMA finalized and executed contracts for telecom equipment and implementation services, initiated and advanced protocol conversions for remote terminal units (RTUs), and configured key EMS applications, including generation control, unit commitment, load forecasting, and network analysis. The successful completion of the EMS Factory Acceptance Test and extensive point-to-point commissioning between field equipment and the new EMS marked significant milestones in the program's advancement. The total spending for FY2025 was lower than expected due to a shift in the project start date and adjustments to resource plans that allowed the use of lower-cost resources.

The **Control Center Construction & Refurbishment** program focuses on constructing and upgrading facilities to house the primary and backup control centers, as well as all ancillary support services. Key FY2025 activities included advancing the tiered environmental assessment process through coordination with federal agencies, including site visits, public outreach, and the development of mitigation measures to address potential impacts on historic districts. LUMA collaborated closely with FEMA and the State Historic Preservation Office to address Section 106 consultation requirements, including preparing and presenting proposed mitigation strategies. A Phase II environmental site assessment was completed for the Monacillos campus, and planning began for relocating personnel to facilitate construction of the new Primary Control Center. A formal request from PREPA was submitted to FEMA to reopen the Section 106 evaluation due to inconsistencies in findings and operational requirements, placing the environmental assessment process on hold pending resolution. The total spending for FY2025 was lower than expected due to reduced activity while awaiting completion of the Primary Control Center tiered environmental assessment.

Enabling Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Vegetation Management and Capital Clearing Implementation	**$ 208.2**	**$ 73.8**	**$ 134.4**	
Federally Funded	158.2	27.2		
Non-Federally Funded	-	-		
OpEx	50.0	46.6		
SRP	158.2	55.3		
Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integrations	**$ 70.0**	**$ 6.0**	**$ 64.0**	
Federally Funded	70.0	6.0		
Non-Federally Funded	-	-		
OpEx	-	-		
SRP	-	-		
T&D Fleet	**$ 33.2**	**$ 26.4**	**$ 6.8**	
Federally Funded	-	0.0		
Non-Federally Funded	9.2	11.1		
OpEx	24.0	15.3		
SRP	8.0	6.4		
Compliance & Studies[12]	**$ 33.0**	**$ (8.8)**	**$ 41.8**	
Federally Funded	28.3	(12.8)		
Non-Federally Funded	4.7	4.0		
OpEx	-	0.0		
SRP	20.1	(4.5)		
Asset Data Integrity	**$ 25.2**	**$ 3.3**	**$ 21.8**	
Federally Funded	21.8	(0.0)		
Non-Federally Funded	3.4	3.3		
OpEx	-	0.0		
SRP	24.9	3.3		
Programs <5% of Portfolio Total	**$ 5.2**	**$ 60.9**	**$ (55.7)**	
Federally Funded	0.3	58.6		
Non-Federally Funded	3.6	2.2		
OpEx	1.3	0.2		
SRP	7.4	106.1		
Total	**$ 374.7**	**$ 161.6**	**$ 213.1**	**57%**

The **Vegetation Management and Capital Clearing Implementation** program focuses on mitigating immediate vegetation hazards in critical areas and maintaining cleared rights-of-way to standard widths. Key FY2025 activities included completing the assessment, trimming, and removing 730 miles of vegetation from distribution and 881 miles from transmission lines, and continuing the seventh round of herbicide treatments at substations using operating expenditures. As part of the vegetation safety and reliability initiative, the team assessed and cleared 106 miles of vegetation from distribution lines using federal funds. The total spending for FY2025 was lower than expected due to delays in the obligation of funds and in the management of working capital advances.

[12] Negative figures account for the reclassification of expenditures to the corresponding programs.

LUMA Quarterly Vegetation Management by Voltage Level

Voltage	FY2025 Miles			FY2025 Acres[13]		
	Federally Funded Clearing[14]	OpEx Maintenance	Total Miles	Federally Funded Clearing[14]	OpEx Maintenance	Total Acres
Distribution	106	730	836	154	1,062	1,216
38 kV	0	76	76	0	230	230
115 kV	0	497	497	0	6,024	6,024
230 kV	0	308	308	0	3,733	3,733
Total	**106**	**1,611**	**1,717**	**154**	**11,050**	**11,204**

The **Microgrid, Phasor Measurement Units, and Battery Energy Storage Installations and Integration** program supports projects that enhance system reliability and resilience, restore functionality, and mitigate safety hazards. Key activities in FY2025 included submitting one detailed scope of work (SOW), launching the request for proposals process, and conducting site visits to Vieques and Culebra. Functional specifications were updated, single-line diagrams were completed, and interconnection and fiber optic routing studies were initiated. The request-for-proposals process for the microgrid projects was completed, and studies and master plans for the microgrids and associated transmission and distribution facilities were advanced. Progress was also made toward launching a request for proposals for the 4x25 MW battery energy storage system (BESS) projects. The total spending for FY2025 was lower than expected due to delays in obligating funds for feeders, a 25 MW battery energy storage system, and microgrid initiatives in Vieques and Culebra.

The **T&D Fleet** program focuses on upgrading the existing fleet of vehicles, aircraft, and equipment to meet industry standards. It is focused on initializing and improving processes for data collection, repair, and maintenance of these assets. Key FY2025 activities included enhancing fleet safety, regulatory compliance, and workforce capability through extensive training and inspection efforts. Over the year, more than 1,000 Department of Transportation and American National Standards Institute vehicle compliance inspections were completed. Targeted training sessions were delivered to hundreds of employees, covering topics such as safe loading procedures, underground storage tank operations, hazardous materials handling, commercial vehicle operation, and driver-vehicle inspection reporting. Specialized certifications were also provided to mechanics and fleet coordinators, including forklift operation, grease-trap inspections, and cardiopulmonary resuscitation. These initiatives supported a safer, more compliant, and better-prepared fleet operation across the organization. The total spending for FY2025 was lower than expected due to the prioritization of reliability initiatives.

The **Compliance & Studies** program supports transmission and distribution planning, protection studies, and developing hosting capacity data, the amount of distributed energy resources that can be accommodated on the distribution system, for public and internal use. Key activities in FY2025 included completing supplemental studies for over 1,100 circuits, covering more than 106,000 small rooftop solar photovoltaic installations. These updated circuit models were published on LUMA's hosting capacity dashboards. To support renewable integration, over 2,400 field walk-downs were conducted to assess noncompliant circuits. LUMA also completed 30 distribution area plans covering more than 480 distribution circuits and 96 substations. The total spending for FY2025 was lower than expected, with several adjustments made in the fourth quarter to allocate study costs to their respective improvement programs, in line with compliance requirements for the reimbursement request process. The milestone of developing an initial wildfire mitigation plan, encompassing situational awareness and mitigation, has been achieved. The milestone of completing distribution protection studies was delayed to H1 FY2027.

The **Asset Data Integrity** program ensures the accuracy of key asset data, supporting effective modeling, operations, and planning of the transmission and distribution system. Key FY2025 activities included completing the core

[13] To calculate acres from miles, the distance in miles is first converted to feet by multiplying by 5,280. The right-of-way width is then assumed based on voltage level: 12 feet for distribution, 25 feet for 38 kV, and 100 feet for 115 kV and 230 kV lines.
[14] For federally funded miles and acres, the figure includes both completed work and miles assessed as clear spans.

configuration of the Enterprise Asset Management system and successfully loading 17,000 substation, 48,000 transmission, and 914,000 distribution asset records, enabling centralized asset tracking and providing the foundation for maintenance planning, execution, and monitoring. LUMA also implemented the Asset Verification Pilot Program, established a standard verification process, completed the asset-tagging benchmarking study, and established best practices for assigning unique identification codes to physical assets and for developing Asset Numbering and Physical Tagging Standards to guide consistent asset identification. The total spending for FY2025 was lower than expected due to a delay in obligating funds for the Vegetation Management and Capital Clearing Implementation program, which halted asset verification activities.

Support Services Improvement Portfolio Summary ($ million)

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.

($ million)

Program	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
IT OT Asset Management	**$ 23.5**	**$ 6.5**	**$ 17.0**	
Federally Funded	17.4	0.6		
Non-Federally Funded	6.1	5.8		
OpEx	-	0.1		
SRP	16.5	4.5		
IT OT Enablement Program	**$ 1.9**	**$ 1.9**	**$ (0.0)**	
Federally Funded	-	-		
Non-Federally Funded	1.9	1.9		
OpEx	-	0.0		
SRP	-	-		
Critical Financial Systems	**$ 1.8**	**$ 1.3**	**$ 0.4**	
Federally Funded	-	-		
Non-Federally Funded	1.6	1.2		
OpEx	0.2	0.1		
SRP	1.5	1.1		
Critical Financial Controls	**$ 1.6**	**$ 0.9**	**$ 0.7**	
Federally Funded	-	-		
Non-Federally Funded	-	-		
OpEx	1.6	0.9		
SRP	1.6	0.9		
Update to Third Party Use, Audit, Contract and Billing Procedures	**$ -**	**$ 2.5**	**$ (2.5)**	
Federally Funded	-	-		
Non-Federally Funded	-	0.0		
OpEx	-	2.5		
SRP	-	-		
Programs <5% of Portfolio Total	**$ 3.8**	**$ 1.3**	**$ 2.5**	
Federally Funded	0.3	-		
Non-Federally Funded	0.9	0.6		
OpEx	2.6	0.7		
SRP	0.5	0.3		
Total	**$ 32.6**	**$ 14.4**	**$ 18.2**	**56%**

The **IT/OT Asset Management** program introduced industry-standard procedures for IT and OT assets. It continues to assess the application and infrastructure portfolio while providing necessary system upgrades to ensure secure business operation, continuity, and improved customer responsiveness. The program also includes the development of a new backup data center to strengthen the reliability and resilience of technology systems. Key FY2025 activities included strengthening infrastructure resilience, enhancing system functionality, and aligning IT services with business needs. The year began with the commissioning of a workforce management contract and an IT disaster recovery site, alongside preparations for infrastructure replacement. Progress continued with site visits to identify a suitable backup data center location and the launch of certification programs to improve IT-business integration. LUMA initiated the replacement of remote terminal units, configured the geospatial information system for offline mapping, and expanded the functionality of the outage management system mobile platform. Additionally, Global Positioning System clocks were procured and partially installed to improve equipment synchronization during outages, enabling faster, more accurate issue resolution. The total spending for FY2025 was lower than anticipated due to pending obligations for network enhancement, the acquisition of a mass storage and backup appliance, software-defined wide area network integration, private branch

exchange replacement, the implementation of the North American Electric Reliability Corporation critical infrastructure protection compliance software, and the migration of disaster recovery IT systems to the cloud.

The **IT/OT Enablement** program will implement capabilities to deliver and maintain IT/OT services and systems, enabling LUMA employees and systems to operate in accordance with industry best practices while standardizing processes and tools. Key FY2025 activities included modernizing the technology environment and adopting agile methodologies to improve project delivery and operational efficiency. A significant investment was made early in the year to procure a large volume of end-user devices—including laptops, desktops, monitors, docking stations, keyboards, and mice—to enhance workforce productivity. A vendor was also identified to establish a master service agreement, streamlining future device procurement. The program transitioned to a development and operations model to support continuous improvement and agile delivery, culminating in the launch of the agile delivery framework. This new model enables incremental implementation of technology projects, delivering value throughout the project lifecycle. Additionally, the year concluded with the initiation of the configuration management database update process to improve asset tracking and system reliability. The total spending for FY2025 aligns with the budget.

The **Critical Financial Systems** program covers technology projects in financial management, risk management, and supply chain management. Key FY2025 activities included strengthening financial operations, enhancing system integration, and improving data accuracy across platforms. The year began with the successful completion of user acceptance testing and the development of a public-facing portal to increase transparency for current and prospective vendors. Enhancements were made to the Kronos timesheet import process, payroll integration, and demographic tracking to improve data integrity and streamline operations. LUMA also advanced FEMA reporting capabilities and collaborated on migrating service contracts from Asset Suite to Oracle, aligning business processes with Oracle's capabilities. Additional efforts included implementing new procedures across accounts payable, project accounting, regulatory, and payroll functions, and initiating the development of an internal control framework through stakeholder walkthroughs and draft process documentation. The total spending for FY2025 was lower than expected due to delays in the procure-to-pay project. The milestone of having the estimating software in place to support major facilities work with accurate forecasts and progress tracking was achieved.

The **Critical Financial Controls** program focuses on two key areas –internal controls and internal audit–while 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 FY2025 activities included strengthening LUMA's financial governance by developing and implementing critical policies, procedures, and internal controls. Throughout the year, numerous foundational documents were completed and approved, including policies related to account reconciliation, payroll, revenue and expense accruals, cybersecurity, and data security. Additional policies were implemented to support capital asset management, burden inventory, architecture and engineering, and regulatory fee processing. The program also introduced procedures for budgeting, accounts payable, labor costing, and project creation. Significant progress was made in developing an internal control framework, including stakeholder walkthroughs, process documentation, and gap identification. The total spending for FY2025 was lower than expected due to delays in finalizing the agreement between LUMA and the consultants for the Internal Control Framework initiative.

The **Update to Third-Party Use, Audit, Contract, and Billing Procedures program focuses on updating procedures for third-party use of land and** infrastructure, audits, contracts, and billing. Key FY2025 activities included processing 109 third-party applications for requesting attachment to 8,315 poles and collecting application fees totaling $61,400. All fees collected are netted against the program budget and used to cover operations and maintenance expenses incurred in processing application packages. The total spending for FY2025 was higher than expected due to uncollected offsets from third-party attachment applications and pole attachment fees.

Efficiencies Reporting

LUMA seeks to continually improve the performance of the T&D System while delivering better services in a safe, reliable, and fiscally responsible manner. Since FY2022, LUMA has continued to make improvements in several areas:

Safety

- The Occupational Safety and Health Administration's days away, restricted, or transferred rate (a key safety metric used by the Occupational Safety and Health Administration to measure the severity of workplace injuries and illnesses) reduced from 1.73 to 1.04, an improvement of 40%
- The Occupational Safety and Health Administration recordable incident rate (also known as the total recordable incident rate, which is a key safety metric the Occupational Safety and Health Administration uses to measure how frequently recordable workplace injuries and illnesses occur within a company over a standard period—typically one year) reduced from 2.83 to 1.42, an improvement of 50%

Customer Service

- Decreased the number of customer calls received from 3,302,495 to 2,504,942, an improvement of 24%
- Reduced call abandonment rate from 15% to 7%, an improvement of 8%
- Reduced the average speed to answer from 3.2 to 1.3 minutes, an improvement of 59%

Operations

- Decreased the number of vehicles out of service from 14% to 4%, an improvement of 10%
- Increased the total available vehicles in service from 1,813 to 2,036, an improvement of 12%
- Increased the installed distributed generation photovoltaic capacity from 363 MV to 1,218 MV, an improvement of 235%

In the area related to Improvement Programs, LUMA has continued to work to meet its objectives:

- **Completed Twelve Improvement Programs:**
  - Operator Training (FY2023)
  - Project Controls, Risk Management & Estimating Offices (FY2023)
  - Construction and Commissioning Management Office (FY2023)
  - Capital Programs, Risk Management & Estimating Offices (FY2023)
  - Capital Programs, Program Management Office & Funding Management Office Setup (FY2023)
  - Critical System Operation Strategy and Procedures (FY2023)
  - Financial Management Functions (FY2023)
  - Integrated Safety & Operational Management System (FY2024)
  - Improvements to Systems Dispatch for Increased Reliability & Resiliency (FY2024)
  - Resource Planning and Processes to Improve Resource Adequacy and Cost Tracking (FY2024)
  - Distribution Lines Assessment (2025)
  - Assessment of Transmission Lines (2025)
  - IT/OT Enablement (2025)
  - Safety Equipment (FY2024)
  - HR Information Systems and Learning Platforms (Previously Human Resources Program) (FY2025)
- **Remediated Thirteen Improvement Programs:**
  - Operator Training (FY2023)
  - Modernize Customer Service Technology (FY2023)
  - Critical System Operation Strategy & Procedures (FY2023)
  - Safety Equipment (FY2023)
  - Integrated Safety and & Operational Management System (FY2023)
  - HR Information Systems and Learning Platforms (Previously Human Resources Program) (FY2023)
  - HSEQ and Technical Training (FY2024)
  - IT/OT Cybersecurity Program (FY2024)
  - Improvements to Systems Dispatch for Increased Reliability and Resiliency (FY2024)
  - Resource Planning and Processes to Improve Resource Adequacy and Cost Tracking (FY2024)

FY2025 Shared Services

LUMA is responsible for delivering shared services to perform certain administrative and managerial functions required to operate and manage PREPA since Commencement, and the Legacy Generation Assets operated by Genera PR, LLC, since July 1, 2023. These responsibilities were contemplated as outlined in Annex VI of the Transmission and Distribution Operation and Maintenance Agreement. They were initially governed by the Shared Services Agreement (SSA) between PREPA, P3A, and LUMA, which became effective on June 1, 2021. These services were set to expire on December 31, 2023. At that time, neither PREPA nor Genera PR, as the operator of the Legacy Generation Assets, could assume these responsibilities on the expiration date. Therefore, LUMA entered into an Amended and Restated Shared Services Agreement (A&R SSA) with each party beginning January 1, 2024.

Under the terms of both A&R SSAs, LUMA was to provide shared services for an additional nine months until September 30, 2024. The primary purpose of the A&R SSA extensions was to provide PREPA and Genera PR with extra 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, which was supposed to end in Q1 FY2025. Nevertheless, these A&R SSAs were again extended on October 1, 2024, until January 31, 2025 (for Genera PR) and until February 28, 2025 (for PREPA) to support each party's continuing effort to assume these responsibilities. Upon formal request from both Genera and PREPA, these Agreements were further extended in January 2025, until February 28, 2025, for Genera PR and until June 30, 2025, for PREPA. All shared services provided to Genera PR ended February 28, 2025.

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 and Operational Technology (IT/OT) – 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 insurance policies covering PREPA's assets and activities (for transmission, distribution, and generation), which were previously provided under the A&R SSAs, are provided under the Insurance Collaboration Agreement from FY2025 onwards. All parties to the Insurance Collaboration Agreement (PREPA, Genera, and LUMA) executed an amendment to this agreement on May 29, 2025, whereby it will be renewed annually each June 1st for the upcoming fiscal year unless any party notifies the other through a notice of discontinuation or a mutually agreed-upon amendment.
The costs for the shared services activities are considered pass-through expenditures without markup or profit, consistent with the Transmission and Distribution Operation and Maintenance Agreement and the A&R SSA.

Shared Services Summary ($ million)

($ million)

	FY2025 Budget[4]	FY2025 Actuals[4]	Variance ($)[4]	Variance (%)
Labor	0.8	3.0	(2.2)	
Property & Casualty Insurance	58.3	39.5	18.8	
IT Service Agreements	1.7	4.0	(2.3)	
Legal Services	-	1.2	(1.2)	
Professional & Technical Outsourced Services	0.1	3.3	(3.2)	
Other	-	0.3	(0.3)	
Subtotal	**$ 60.9**	**$ 51.3**	**$ 9.6**	**16%**
2% Reserve for Excess Expenditures	1.2	-	1.2	
Shared Services Total	**$ 62.1**	**$ 51.3**	**$ 10.8**	**17%**

The primary driver for the $10.8 million favorable variance remains the lower actual cost of property insurance premiums, combined with the elimination of reporting GenCo combined insurance policies in shared services in Q4 FY2025. Excluding the favorable insurance impact, all 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 unbudgeted costs for the transition and exit of shared services related to both PREPA and Genera PR, and the inclusion of some PREPA Restructuring costs (predominantly legal costs associated amendments to the A&R SSAs and Collaboration agreements) within this shared services cost presentation. Genera PR's shared services terminated on February 28, 2025. PREPA's shared services were planned to terminate on June 30, 2025. However, PREPA requested, and LUMA granted, a fourth extension to PREPA's A&R SSA, effective June 30, 2025, thereby extending shared services two years beyond the SSA's original termination date of December 31, 2023.

The financial information provided in this report has not been audited and should not be used for any purpose other than the report itself. The limitations and lack of integration of PREPA's financial and related systems, as well as the identified pre-existing control gaps, may also impact the overall accuracy of the reported results.