Informe trimestral de LUMA

para el cuarto trimestre (Q4) del año fiscal 2025

que termina 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

Comprometidos con la restauración y reconstrucción que perdura

Durante el cuarto trimestre del año fiscal 2025, LUMA reafirmó su compromiso de transformar la red eléctrica de Puerto Rico. Ante los desafíos persistentes derivados de años de una administración financiera deficiente, abandono operativo y desorganización, nuestros equipos han actuado con determinación para estabilizar el sistema, modernizar la infraestructura y restablecer la confianza del público. El sentido de urgencia, responsabilidad y estabilización del sistema guio cada iniciativa de este trimestre.

Las mejoras en el servicio al cliente continuaron siendo una de las principales prioridades. Actualizamos la plataforma de atención al cliente y facturación para agilizar las actividades en campo y mejorar la coordinación entre departamentos, lo que permitió reducir retrasos y elevar la calidad del servicio al cliente. Nuestros equipos llevaron a cabo reuniones presenciales con líderes locales y partes interesadas clave para reforzar la preparación ante emergencias. Continuamos procesando los reembolsos por eficiencia energética para motivar a los clientes residenciales a controlar su consumo de energía. Estas acciones, junto con esfuerzos proactivos de cobro, reflejan nuestro compromiso con una empresa de servicios públicos financieramente sostenible y centrada en el cliente.

Desde el punto de vista operativo, nuestros equipos llevaron a cabo un extenso trabajo de campo para mejorar la confiabilidad del sistema y mantener su integridad. Realizamos reemplazos estructurales y actualizaciones de equipo en líneas de 38 kV, 115 kV y 230 kV, completamos cientos de inspecciones al sistema de medición y realizamos más de 1,100 tareas de mantenimiento. El manejo de la vegetación continuó siendo fundamental para la confiabilidad del sistema, por lo que se despejaron o podaron alrededor de 476 millas de vegetación. Estos esfuerzos cruciales están sentando las bases para una estabilidad operativa a largo plazo.

Nuestros programas de transformación avanzaron en áreas estratégicas clave. Progresamos en la implementación de la infraestructura de medición avanzada (AMI, por sus siglas en inglés). También, energizamos reconstrucciones prioritarias de líneas de distribución y transmisión, y tres de los siete alcances de trabajo detallados presentados a FEMA alcanzaron la etapa final del proceso. La confiabilidad en subestaciones, la integridad de los datos de activos y el manejo de la vegetación también registraron avances medibles. En paralelo, nuestros sistemas internos —desde los controles financieros hasta el etiquetado de activos y la preparación para el manejo de emergencias— se fortalecieron para cumplir con estándares más altos de transparencia y desempeño.

El cuarto trimestre marca la continuación de nuestro esfuerzo incansable por recuperar y reconstruir el sistema. A pesar de los desafíos, operamos con intensidad y determinación para restaurar el sistema energético para que sea confiable, moderno y eficiente para el pueblo de Puerto Rico. Estos resultados reflejan la magnitud y la seriedad de nuestra misión, así como nuestra firme decisión de llevarla a cabo hasta el final.

Este informe presenta un resumen de nuestras operaciones, acciones y logros entre el 1 de abril y el 30 de junio de 2025. Las secciones a continuación reflejan nuestro compromiso continuo con la modernización de la infraestructura eléctrica del país y nuestro manejo eficiente y fiscalmente responsable. Este informe se presenta como parte de los requisitos del Acuerdo de Operación y Mantenimiento del Sistema de Transmisión y Distribución (T&D OMA, por sus siglas en inglés).

Progreso para Puerto Rico durante el AF2025

Estamos construyendo un mejor futuro energético 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 que ahora participan en medición neta, lo que representa más de **339 MW de energía limpia.**

MEJORAMOS LA SEGURIDAD

Completamos más de

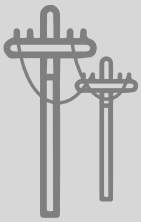
79,175 horas de adiestramientos en **SALUD Y SEGURIDAD** en el trabajo y en LUMA College.

AUMENTAMOS LA RESILIENCIA

Reemplazamos aproximadamente

15,920

postes **ROTOS O DETERIORADOS.**



MEJORAMOS EL SERVICIO AL CLIENTE

Atendimos más de

2,406,373 LLAMADAS con un tiempo de espera inferior a **dos minutos.**

PROYECTOS DE MEJORA EN LA INFRAESTRUCTURA

Reemplazamos o reparamos más de

25,000 LUMINARIAS.

Reparación, restauración y reconstrucción de la red eléctrica

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

- Reemplazado y energizado un transformador de 38/13.2 kV en Río Grande Estates; un interruptor de subestación de 115 kV en la Planta de Vapor de San Juan; cinco interruptores de subestación de 38 kV (uno en el Centro de Transmisión de Ponce, dos en el Centro de Transmisión de Bayamón, uno en el Centro de Transmisión de Victoria y uno en el Centro de Transmisión de Cayey)
- Instalado sobre 5,120 postes en múltiples municipios, y reemplazado más de 4,000 luminarias en los municipios de San Germán, Salinas, Coamo, Barranquitas, Las Piedras, Cidra, Naguabo, Añasco, Jayuya, Naranjito, Manatí, Comerío, Vega Alta, Hatillo, Corozal, Guaynabo, Villalba, Adjuntas, Ceiba, Aguadilla, Culebra, Toa Baja, Bayamón, Morovis, Guánica, Lajas, Orocovis, Aguada, Arroyo, Yabucoa, Dorado, Maunabo, Trujillo Alto, Aibonito y Cataño
- Instalado 122 dispositivos de automatización de distribución, y completado la configuración de protección para 604 dispositivos automatizados

Prioridad a la seguridad y la capacitación

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

- Ofreció 39 charlas sobre seguridad eléctrica a 862 participantes en escuelas públicas y 30 empleados de una empresa privada
- Ofreció 17,120 horas de adiestramiento a través de LUMA College y del Programa de Trabajadores de Línea
- Capacitó a más de 2,600 empleados durante un total de 7,944.5 horas de contacto que abarcaron cumplimiento, salud y seguridad, rescate de trabajador en camión con canasta, espacios confinados, análisis de riesgo laboral, respuesta cardiorrespiratoria, primeros auxilios, ergonomía, seguridad general, estándares para trabajos en el sistema eléctrico, entre otros

Mejora del alcance y la respuesta a nuestros clientes

Los clientes son el corazón de las operaciones de LUMA y de nuestra misión de reconstruir una red eléctrica centrada en el cliente. Como parte de este compromiso, este trimestre los empleados:

- Atendieron en persona a más de 534,800 clientes en nuestros centros de servicio al cliente, con un tiempo promedio de espera de menos de seis minutos
- Contestaron más de 529,750 llamadas de clientes con un tiempo promedio de espera de menos de un minuto y medio
- Respondieron a más de 66,970 mensajes directos en redes sociales, y registraron a 6,717 clientes en acuerdos de pago

Impulso de la transformación energética sostenible

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

- Activamos la medición neta para más de 10,500 propietarios de sistemas de paneles solares, lo que representa 96 MW
- Inscribimos a más de 9,549 participantes en la iniciativa de uso compartido de energía almacenada en las baterías de los clientes, lo que representa una capacidad de almacenamiento de 60 MW disponible para aumentar la oferta de energía disponible durante los picos de demanda, mejorar el suministro de energía, y reducir los relevos de carga
- Inscribimos a 108 participantes en el programa de tarifas según el horario de consumo para vehículos eléctricos, y 70 clientes adicionales expresaron interés en el estudio de hábitos de carga, que tiene como objetivo mejorar la comprensión de los patrones de carga de los vehículos eléctricos y su impacto en la red eléctrica

Fortalecimiento de nuestras comunidades

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

- Por tercer año consecutivo, LUMA renovó el acuerdo colaborativo con el Departamento de Educación, el cual beneficiará a más de 35,000 estudiantes de quinto grado de las escuelas públicas a través de charlas educativas sobre seguridad eléctrica durante el año. Esta iniciativa mejora la concienciación y comprensión de los estudiantes sobre las prácticas de seguridad, y contribuye a que la comunidad sea más segura para todos
- Los empleados de LUMA entregaron $30,000 en donativos que repartieron entre seis distintas organizaciones sin fines de lucro: Asociación Pro-Juventud y Comunidad de Barrio Palmas, INC., Proyecto Casa Elda, Hogar Mis Primeros Pasos, Escuela Montessori San Cristóbal INC., Proyecto Amor que Sana y Centro de Adultos y Niños con Impedimentos. Con esta iniciativa, no solo llevamos alegría a las comunidades, sino que reafirmamos nuestro compromiso con los tres pilares fundamentales que guían nuestra labor: la educación y bienestar de los jóvenes, el desarrollo económico y la recuperación y conservación de energía
- Más de 50 empleados participaron en limpiezas de playa junto con organizaciones ambientales como: Grupo Tortuguero de Chelonia en Reserva Natural Playa Grande y Grupo Tortuguero 7 Quillas en Ocean Park como parte de nuestro compromiso con la conservación de las tortugas marinas y la protección de las costas, donde se recogieron más de 100 bolsas de basura

LUMA Quarterly Report

for the Fourth Quarter (Q4) of 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

LUMA

Committed to Restore, Built to Endure

During the fourth quarter of the fiscal year 2025, LUMA remained unwavering in its commitment to transform Puerto Rico's electric utility network. Amid the ongoing challenges stemming from years of financial mismanagement, operational neglect, and administrative disarray prior to LUMA's takeover of operations, our teams acted decisively to stabilize the system, modernize the infrastructure, and rebuild public trust. Every initiative this quarter was rooted in urgency, accountability, and system stabilization.

Customer-facing improvements remained a top priority. We upgraded the customer care and billing platform to streamline field activities and enhance coordination across departments, reducing delays and improving the quality of customer service. Our teams conducted in-person engagements with local leaders and critical stakeholders to reinforce emergency readiness. We continued to process energy efficiency rebates to empower residential customers. These actions, paired with proactive collection efforts, demonstrate our commitment to building a financially sustainable and customer-centric utility.

Operationally, our teams delivered extensive fieldwork to improve reliability and maintain system integrity. We executed structural replacements and hardware upgrades across 38 kV, 115 kV, and 230 kV lines, completed hundreds of metering system inspections, and carried out over 1,100 maintenance tasks. Vegetation management remained essential to system reliability, with around 476 miles cleared or trimmed. These critical efforts are laying the groundwork for long-term operational stability.

Our transformation programs progressed across key strategic areas. We advanced the implementation of advanced metering infrastructure (AMI). We also energized key distribution and transmission rebuilds, and three of the seven detailed scopes of work submitted to FEMA reached the final stage of the process. Substation reliability and vegetation management also saw measurable progress. In parallel, our internal systems, ranging from financial controls to asset data integrity and emergency management readiness, were strengthened to meet higher standards of transparency and performance.

The fourth quarter marks a continuation of our relentless push to recover and rebuild the system. Despite the challenges, we are operating with intensity and resolve to restore a reliable, modern, and accountable energy system for the people of Puerto Rico. These results reflect the scale and seriousness of our mission—and our determination to see it through.

This report provides an overview of the company's operations, actions, and accomplishments over the three months from April 1 to June 30, 2025. The subsequent sections demonstrate our continued dedication and the concrete steps taken to modernize Puerto Rico's energy infrastructure, enabling efficient operation in a fiscally responsible manner. It is submitted as a requirement for the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA).

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 participating in net energy metering, which represents over **339 MW of clean energy**

IMPROVING SAFETY

Completed

79,175

HEALTH AND SAFETY

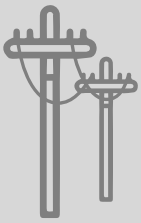
on the job and LUMA College training hours

INCREASING RESILIENCY

Replaced approximately

15,920 BROKEN AND DAMAGED

utility poles



BETTER CUSTOMER SERVICE

Answered

2,406,373 CALLS

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

INFRASTRUCTURE IMPROVEMENT PROJECTS

Replaced or repaired over

25,000

STREETLIGHTS

Repairing, Restoring, and Rebuilding the Electric Grid

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

- Installed one 38/13.2 kV transformer at Río Grande Estates, one 115 kV substation breaker at San Juan Steam Plant, and five 38 kV substation breakers (one at Ponce Transmission Center, two at Bayamón Transmission Center, one at Victoria Transmission Center, and one at Cayey Transmission Center)
- Installed over 5,120 poles across multiple municipalities and replaced more than 4,000 streetlights in the municipalities of San Germán, Salinas, Coamo, Barranquitas, Las Piedras, Cidra, Naguabo, Añasco, Jayuya, Naranjito, Manatí, Comerío, Vega Alta, Hatillo, Corozal, Guaynabo, Villalba, Adjuntas, Ceiba, Aguadilla, Culebra, Toa Baja, Bayamón, Morovis, Guánica, Lajas, Orocovis, Aguada, Arroyo, Yabucoa, Dorado, Maunabo, Trujillo Alto, Aibonito, and Cataño
- Installed 122 distribution automation and protection devices and completed the protection settings for 604 automated devices

Prioritizing Safety and Training

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

- Delivered 39 talks on electrical safety that reached 862 participants in public schools and 30 employees at a private company
- Provided 17,120 training hours through LUMA College and the LUMA Apprenticeship Program
- Trained more than 2,600 employees for a total of 7,944.5 contact hours covering compliance, health and safety, bucket rescue, confined spaces, job hazard analysis, cardiovascular respiratory response, first aid, ergonomics, general safety, and power system works standards

Improving Outreach and Response to Our Customers

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

- Served more than 534,800 customers in person at our customer service centers, with an average wait time of six minutes
- Answered over 529,750 customer calls with an average wait time of one and a half minutes
- Responded to more than 66,970 social media direct messages and enrolled over 6,717 customers in payment agreements

Empowering the Sustainable Energy Transformation

LUMA remains a driving force in Puerto Rico's clean energy transformation. During this quarter, we:

- Activated more than 10,500 net energy metering rooftop solar panel systems, representing 96 MW
- Enrolled 9,549 participants in the customer battery energy sharing initiative, representing a storage capacity availability of 60 MW, aimed at increasing energy supply during peak demand, improving service reliability, and reducing load shedding
- Enrolled 108 participants in the Electric Vehicle Time-of-Use Rate program, with 70 additional customers expressing interest in the charging habits study, which aims to improve understanding of electric vehicle charging patterns and their impact on the electric grid

Empowering Our Communities

Collaboration, education, and investment remain the foundation of our support for the communities we serve. As part of this commitment, this quarter:

- LUMA renewed the collaborative agreement with the Department of Education for the third consecutive year, which will benefit over 35,000 fifth-grade students in public schools through educational talks on electrical safety throughout the year. This ongoing initiative enhances students' awareness and understanding of safety practices, contributing to a safer community for all
- LUMA employees donated $30,000, which they distributed among six different nonprofit organizations: *Asociación Pro-Juventud y Comunidad de Barrio Palmas, INC., Proyecto Casa Elda, Hogar Mis Primeros Pasos, Escuela Montessori San Cristóbal, INC., Proyecto Amor que Sana*, and *Centro de Adultos y Niños con Impedimentos*. Through this initiative, we not only brought joy to the communities but reaffirmed our commitment to the three fundamental pillars that guide our work: education and well-being of youth, economic development, and energy recovery and conservation
- LUMA employees participated in several beach cleanups as part of our commitment to sea turtle conservation and coastal protection, alongside environmental organizations, including the Chelonia Turtle Group at Playa Grande Natural Reserve and the 7 Quillas Turtle Group at Ocean Park, and over 50 employees collected more than 100 bags of trash

Table of Contents

Q4 FY2025 Preliminary Financial Performance

As of June 30, 2025, LUMA remained within budget, having spent 99% of its annual operational and non-federally funded capital budgets.

Summary of Q4 of FY2025 Spending ($ millions)[1] – Preliminary Results

($ millions)

	FY2025 Budget[2,3]	Q4 Budget[2,3]	Q4 Actuals[3]	YTD Budget[2,3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures	$ 567.4	$ 146.1	$ 133.6	$ 567.4	$ 566.8	$ 0.6	
Non-Federally Funded Capital Expenditures	$ 125.3	$ 35.6	$ 42.9	$ 125.3	$ 125.6	$ (0.3)	
Subtotal[3]	**$ 692.7**	**$ 181.7**	**$ 176.5**	**$ 692.7**	**$ 692.4**	**$ 0.3**	**0%**
Energy Efficiency Programs[4]	**$5.80**	**$ -**	**$ -**	**$5.80**	**$5.80**		
Federally Funded Expenditures[5]	**$ 1,207.2**	**$ 367.4**	**$ 201.8**	**$ 1,207.2**	**$ 684.1**	**$ 523.1**	**43%**

Energy Consumption and Base Revenue – Preliminary Results

The following table outlines the total consumption and base revenues forecasted amounts compared to quarter and year-to-date actuals: [6]

	FY2025 Forecast	Q4 Forecast	Q4 Actuals	YTD Forecast	YTD Actuals	YTD Variance
Total Consumption (GWh)	16,179	4,081	4,065	16,179	16,682	502
Base Revenue (millions)[6]	$ 1,151	$ 290	$ 278	$ 1,151	$ 1,131	$ (20)

Disclaimer

This document presents LUMA's Quarterly Report on the operation of the Puerto Rico Transmission and Distribution (T&D) system for the fourth quarter of FY2025, from April 1, 2025, to June 30, 2025. As part of our commitment to transparency, LUMA is providing the preliminary financial information contained in this report as ordered by the Puerto Rico Energy Bureau (PREB). The information presented in this quarterly report is preliminary and subject to revision upon completion of the year-end financial closing process. As would be reasonably expected, preliminary financial information for the period may differ materially from the final figures. LUMA looks forward to providing a complete and final Annual Report for FY2025 by October 28, 2025, that will reinforce our company's commitment to sound and transparent budgeting and reporting as we continue our mission to build a better energy future for all of Puerto Rico.

[1] Numbers in this report reflect PREB's June 10, 2025, budget amendment approval.
[2] FY2025 budget figures include a 2% reserve for excess expenditures.
[3] Figures in all tables have been rounded.
[4] On October 23, 2024, PREB approved LUMA's request to rollover unspent Energy Efficiency (EE) program funds from FY2024 to increase the FY2025 programmatic budget. The total funding for EE in FY2025 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.
[5] Federally funded expenditures include capital and general and administrative charges.
[6] Base revenue does not include revenue billed for fuel adjustment, purchased power, CILT, and subsidies.

Transmission & Distribution Operating Expenditures ($ millions) – Preliminary Results

($ millions)

	FY2025 Budget[3]	Q4 Budget[3,7]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	280.4	82.5	64.4	280.4	285.9	(5.5)	
Total Labor	**$ 280.4**	**$ 82.5**	**$ 64.4**	**$ 280.4**	**$ 285.9**	**$ (5.5)**	**(2%)**
Non-Labor							
Materials & Supplies	25.9	4.3	10.1	25.9	27.7	(1.8)	
Transportation, Per Diem, and Mileage	11.8	(0.4)	1.9	11.8	16.9	(5.1)	
Property & Casualty Insurance	18.5	1.5	5.7	18.5	19.4	(0.9)	
Security	7.3	1.3	1.6	7.3	6.6	0.7	
IT Service Agreements	27.2	5.0	7.3	27.2	26.7	0.5	
Utilities & Rents	8.7	1.4	2.1	8.7	8.8	(0.1)	
Legal Services	8.2	1.0	3.6	8.2	9.1	(0.9)	
Communications Expenses	0.2	(0.9)	-	0.2	0.1	0.1	
Professional & Technical Outsourced Services	109.9	34.7	25.3	109.9	111.4	(1.5)	
Vegetation Management	50.0	12.5	9.4	50.0	46.6	3.4	
Other Miscellaneous Expenses	8.2	0.3	2.2	8.2	7.6	0.6	
Total Non-Labor / Other Operating Expense	**$ 275.9**	**$ 60.7**	**$ 69.2**	**$ 275.9**	**$ 280.9**	**$ (5.0)**	**(2%)**
Subtotal	**$ 556.3**	**$ 143.2**	**$ 133.6**	**$ 556.3**	**$ 566.8**	**$ (10.5)**	**(2%)**
2% Reserve for Excess Expenditures	11.1	2.9	-	11.1	-	11.1	
Total Operating Expenditures	**$ 567.4**	**$ 146.1**	**$ 133.6**	**$ 567.4**	**$ 566.8**	**$ 0.6**	**0%**

[7] Negative figures are due to budget amendment reflected in Q4.

Operating Expenditures by Department

Customer Experience Operational Expenditures ($ millions) – Preliminary Results

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.

($ millions)

	FY2025 Budget[3]	Q4 Budget[3,7]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	45.6	10.6	12.0	45.6	45.9	(0.3)	
Total Labor	**$ 45.6**	**$ 10.6**	**$ 12.0**	**$ 45.6**	**$ 45.9**	**$ (0.3)**	**(1%)**
Non-Labor							
Materials & Supplies	-	(0.2)	-	-	-	-	
Transportation, Per Diem, and Mileage	0.4	(0.4)	-	0.4	0.4	-	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	(0.2)	-	-	-	-	
Utilities & Rents	0.2	-	0.1	0.2	0.2	-	
Legal Services	-	(0.1)	-	-	-	-	
Communications Expenses	-	(0.1)	-	-	-	-	
Professional & Technical Outsourced Services	39.2	12.9	11.7	39.2	43.1	(3.9)	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	-	(0.2)	-	-	-	-	
Total Non-Labor / Other Operating Expense	**$ 39.8**	**$ 11.7**	**$ 11.8**	**$ 39.8**	**$ 43.7**	**$ (3.9)**	**(10%)**
Total Operating Expense	**$ 85.4**	**$ 22.3**	**$ 23.8**	**$ 85.4**	**$ 89.6**	**$ (4.2)**	**(5%)**

Key activities accomplished during Q4 FY2025:

- Enhanced the customer care and billing platform with field activity optimization, reducing duplication of service orders at a single premise and improving cross-departmental coordination. This change increases accuracy, reduces operational delays, and improves the overall customer experience
- Made 2,347 contacts with mayors, held six regional meetings with mayors and their emergency response teams, to review emergency response and emergency preparedness plan updates, and contacted 802 primary customers, critical facilities, and government agencies
- Activated more than 10,500 new net metering participants and processed 10,134 system applications, contributing over 96 MW of additional residential solar capacity
- Paid over 4,480 residential rebate applications to residential customers for buying high-efficiency equipment, bringing the total fiscal year to over 10,600 paid applications
- Completed more than 896,880 outbound calls, resulting in 6,717 customers enrolling in payment agreements, thereby improving LUMA's overall collection efforts
- Executed over 1,790 non-payment disconnections and issued more than 10,000 thirty-day disconnection notices, and 11,000 overdue payment reminders to support collection efforts and customer engagement

The primary driver of the $4.2 million unfavorable year-to-date variance in Customer Experience operating expenditures 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 ($ millions) – Preliminary Results

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, the highest priority of LUMA's operations is the safety of our customers and our workforce while addressing maintenance and repairs to improve overall reliability and resiliency.

($ millions)

	FY2025 Budget[3]	Q4 Budget[3,7]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	141.9	47.5	35.2	141.9	155.5	(13.6)	
Total Labor	**$ 141.9**	**$ 47.5**	**$ 35.2**	**$ 141.9**	**$ 155.5**	**$ (13.6)**	**(10%)**
Non-Labor							
Materials & Supplies	12.8	1.4	6.5	12.8	17.6	(4.8)	
Transportation, Per Diem, and Mileage	6.8	1.3	2.0	6.8	13.2	(6.4)	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	(0.6)	-	-	-	-	
Utilities & Rents	1.2	0.1	0.3	1.2	1.4	(0.2)	
Legal Services	-	-	0.1	-	0.1	(0.1)	
Communications Expenses	0.1	(0.1)	-	0.1	0.1	-	
Professional & Technical Outsourced Services[8]	17.7	4.9	(1.2)	17.7	15.9	1.8	
Vegetation Management	50.0	12.5	9.4	50.0	46.6	3.4	
Other Miscellaneous Expense	0.4	(0.4)	0.3	0.4	0.6	(0.2)	
Total Non-Labor / Other Operating Expense	**$ 89.0**	**$ 19.1**	**$ 17.4**	**$ 89.0**	**$ 95.5**	**$ (6.5)**	**(7%)**
Total Operating Expense	**$ 230.9**	**$ 66.6**	**$ 52.6**	**$ 230.9**	**$ 251.0**	**$ (20.1)**	**(9%)**

Key activities accomplished during Q4 FY2025:

- Replaced twenty-two 38 kV and one 115 kV structures to enhance service reliability and maintain system integrity
- Managed vegetation across 439 right-of-way miles, including trimming 231 miles of distribution and 208 miles of transmission lines, and completed maintenance trimming on eight circuits
- Upgraded insulated hardware on two hundred ninety-nine 38 kV line structures, eighty-one 115 kV structures, and sixteen 230 kV structures
- Completed 400 inspections of the metering system for 38 kV accounts to verify meter programming, accuracy, and wiring; additionally, recycled and reinstated 1,814 meters into inventory
- Performed 915 preventive maintenance tasks—including thermography inspections, battery bank checks, breaker testing, and transformer inspections—and completed 197 corrective maintenance tasks such as replacing internal chambers, repairing bus supports, fixing oil leaks, and servicing switches and breakers

The primary driver of the $20.1 million unfavorable year-to-date variance in Operations' operating expenditures was due to higher-than-budgeted labor and transportation costs, associated with the re-organization of personnel from a different department into Operations to align with business strategies. A larger-than-anticipated amount of overtime work required for outage restoration activities contributed to the variance, reflecting the reality that the system is degrading at a faster rate than it can be repaired under the current funding levels. This situation increases the frequency and complexity of required maintenance and restoration activities, further contributing to higher 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 during the year-end to align recorded liabilities with actual earned balances. The capture of vehicle usage costs directly by the departments, based on the rollout of the time recording enhancement system, also contributed to the unfavorable variance. The majority of these costs were forecasted centrally through the 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.

[8] Negative figure due to finalization of estimates related to restorations activities associated with Tropical Storm Ernesto in Q4.

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

LUMA budgeted 1,651 full-time electrical utility field workers for FY2025. As of June 30, 2025, the roster included 1,108 electric field workers. LUMA actively monitors workforce metrics to ensure turnover remains within acceptable limits and continually refines strategies to attract new talent and retain experienced journeyman lineworkers, ensuring operational stability and growth. To support this effort, LUMA continues to hire, train, and develop electrical utility field workers to meet the operational needs of the transmission and distribution (T&D) system.

To develop new employees, LUMA continues to interview candidates who will have the opportunity to join a tailored program designed to complete the required training period. We complement this program with a Department of Labor-registered apprenticeship program, which utilizes a combination of classroom instruction and on-the-job training to obtain Department of Labor-recognized journeyworker certification. This certification qualifies and authorizes a line worker from the International Brotherhood of Electrical Workers. We have continued to receive incoming applications for the journey lineman positions that remain open year-round and are enhancing our strategies to attract and retain talent with continuous hiring, training, and development of electrical utility field-qualified workers. LUMA remains focused on strengthening our recruitment efforts through targeted campaigns and a hiring platform to attract and hire qualified candidates ready to contribute immediately.

[9] These electrical utility field workers are qualified to work on energized lines.
[10] 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.
[11] The figures reflect the full-time employees and exclude groundpeople, operators, and laborers who support electrical utility field workers.

Utility Transformation Operating Expenditures ($ millions) – Preliminary Results

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.

($ millions)

	FY2025 Budget[3]	Q4 Budget[3,7]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	22.8	6.7	(1.1)	22.8	20.4	2.4	
Total Labor	**$ 22.8**	**$ 6.7**	**$ (1.1)**	**$ 22.8**	**$ 20.4**	**$ 2.4**	**11%**
Non-Labor							
Materials & Supplies	2.1	1.0	2.7	2.1	4.4	(2.3)	
Transportation, Per Diem, and Mileage[12]	3.8	2.5	(0.4)	3.8	2.8	1.0	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	-	-	-	-	-	
Utilities & Rents	0.8	(0.2)	0.1	0.8	0.8	-	
Legal Services	1.0	1.0	1.2	1.0	1.8	(0.8)	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	7.3	5.8	0.1	7.3	5.4	1.9	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	0.1	(1.4)	-	0.1	0.1	-	
Total Non-Labor / Other Operating Expense	**$ 15.1**	**$ 8.7**	**$ 3.7**	**$ 15.1**	**$ 15.3**	**$ (0.2)**	**(1%)**
Total Operating Expense	**$ 37.9**	**$ 15.4**	**$ 2.6**	**$ 37.9**	**$ 35.7**	**$ 2.2**	**6%**

Key activities accomplished during Q4 FY2025:

- Implemented and published the FEMA and Grants Management Manuals, aligning internal processes with Title 2 of the Code of Federal Regulations, part 200, also referred to as the Uniform Guidance, which establishes standardized administrative requirements, cost principles, and audit requirements for federal awards to maximize reimbursement eligibility for federally funded projects
- Initiated tabletop inspections to review permanent work related to Tropical Storm Ernesto in 38 municipalities and led the development of 32 Category B emergency protective measures projects in response to the said storm
- Reported LUMA's weekly progress updates to the Governor and Legislature on repair or replacements of streetlights, distribution poles, vegetation management, distribution automation, protection devices, and substation projects
- Created process for standards and technical bulletin publications –documents that provide immediate guidelines for the construction and installation of technical equipment– on the LUMA website to continue promoting the transformation and restructuring of the transmission and distribution system
- Processed 21 third-party attachment (TPA) applications requesting to attach telecommunication cables to 1,785 LUMA's poles and collected application fees totaling $12,450

The $2.2 million favorable variance year-to-date in Utility Transformation's operating expenditures was primarily driven by favorable year-end labor equalization adjustments and a strategic decision to reallocate personnel onto stabilization capital projects (Substation Reliability program) originally scheduled for the upcoming year 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 as part of 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.

[12] Negative figures due to reclassification of operating expenses to capital expenditures performed in Q4.

Support Services Operating Expenditures ($ millions) – Preliminary Results

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.

($ millions)

	FY2025 Budget[3]	Q4 Budget[3,7]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	70.1	17.7	18.3	70.1	64.1	6.0	
Total Labor	**$ 70.1**	**$ 17.7**	**$ 18.3**	**$ 70.1**	**$ 64.1**	**$ 6.0**	**9%**
Non-Labor							
Materials & Supplies	11.0	2.1	0.9	11.0	5.7	5.3	
Transportation, Per Diem, and Mileage	0.8	(3.8)	0.3	0.8	0.5	0.3	
Property & Casualty Insurance	18.5	1.5	5.7	18.5	19.4	(0.9)	
Security	7.3	1.3	1.6	7.3	6.6	0.7	
IT Service Agreements	27.2	5.8	7.3	27.2	26.7	0.5	
Utilities & Rents	6.5	1.5	1.6	6.5	6.4	0.1	
Legal Services	7.2	0.1	2.3	7.2	7.2	-	
Communications Expenses	0.1	(0.7)	-	0.1	-	0.1	
Professional & Technical Outsourced Services	45.7	11.1	14.7	45.7	47.0	(1.3)	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	7.7	2.3	1.9	7.7	6.9	0.8	
Total Non-Labor / Other Operating Expense	**$ 132.0**	**$ 21.2**	**$ 36.3**	**$ 132.0**	**$ 126.4**	**$ 5.6**	**4%**
Total Operating Expense	**$ 202.1**	**$ 38.9**	**$ 54.6**	**$ 202.1**	**$ 190.5**	**$ 11.6**	**6%**

Key activities accomplished during Q4 FY2025:

- Prepared and submitted 58 documents before the PREB on topics including vegetation management, emergency response plan compliance, rate review, April 16th Island-wide outage event, initial budgets, permanent rate, and integrated resource plan, among others
- Completed installation of closed-circuit television systems at Juncos transmission center, Aguas Buenas gas-insulated switchgear, Bayamón transmission center, Palo Seco Warehouse Complex, Culebra Técnica, Humacao Técnica, Fajardo Técnica, and Arecibo regional offices
- 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
- Performed preventive maintenance and inspected all power generators to proceed with preparations for any event related to hurricane season
- Executed and tailored WebEOC, a cloud-based solution for emergency management and daily operations that offers configurable workflow, real-time data, and efficient response tools
- Received the Gold Emergency Management Award for LUMA's transformative journey designed to strengthen its emergency preparedness and response capabilities

The $11.6 million year-to-date favorable variance in Support Services operating expenditures was primarily driven by reduced expenses for materials, transportation, and labor. These reductions were mainly due to the continued rollout of the time recording enhancement system that shifted vehicle usage costs directly to 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 (T&D) 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[13] to address the gaps identified before commencing operations. Most programs are designed to bring the utility's operations and assets up to a minimum industry standard as part of the System Remediation Plan. Each Improvement Program spending includes operating expenditures and capital costs within the FY2025 budget. For each Improvement Program listed below, LUMA includes key activities for the quarter and a variance explanation for year-to-date spending and does not expect any variance in achieving program milestones unless otherwise noted.

Improvement Portfolio Summary ($ millions) – Preliminary Results

($ millions)

Portfolio	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	379.8	101.7	64.4	379.8	271.3	108.5	29%
Distribution	302.5	101.2	60.5	302.5	169.6	132.9	44%
Transmission	123.2	34.5	36.3	123.2	97.2	26.0	21%
Substation	147.9	49.9	61.5	147.9	147.5	0.4	0%
Control Center & Buildings	33.9	7.5	7.2	33.9	16.0	18.0	53%
Enabling	374.7	118.1	26.3	374.7	161.6	213.1	57%
Support Services	32.6	4.0	3.8	32.6	14.4	18.2	56%
Total	**$ 1,394.6**	**$ 416.8**	**$ 260.0**	**$ 1,394.6**	**$ 877.6**	**517.0**	**37%**

[13] 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 – Preliminary Results

($ millions)

Improvement Portfolio	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	351.6	97.8	57.8	351.6	249.8	101.8	
Distribution	273.9	90.5	53.8	273.9	139.4	134.6	
Transmission	113.8	29.6	32.1	113.8	87.1	26.6	
Substations	119.0	36.1	46.5	119.0	116.0	2.9	
Control Center & Buildings	28.9	6.2	5.8	28.9	12.3	16.7	
Enabling	278.6	99.7	5.4	278.6	78.9	199.7	
Support Services	17.7	0.4	0.5	17.7	0.6	17.2	
Subtotal	**$ 1,183.5**	**$ 360.2**	**$ 201.8**	**$ 1,183.5**	**$ 684.1**	**$ 499.4**	**42%**
Other							
2% Reserve for Excess Expenditures	23.7	7.2		23.7		23.7	
Total Capital Expenditures	**$ 1,207.2**	**$ 367.4**	**$ 201.8**	**$ 1,207.2**	**$ 684.1**	**$ 523.1**	**43%**

Transmission & Distribution Capital Expenditures – Non-Federally Funded – Preliminary Results

($ millions)

Improvement Portfolio	FY2025 Budget[3]	Q4 Budget[3,14]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	21.4	2.5	6.0	21.4	20.8	0.6	
Distribution	28.6	10.7	6.7	28.6	30.2	(1.6)	
Transmission	9.4	5.0	4.2	9.4	10.0	(0.7)	
Substations	28.6	13.7	14.7	28.6	31.1	(2.5)	
Control Center & Buildings	3.5	0.9	1.3	3.5	3.3	0.3	
Enabling	20.8	(0.4)	7.7	20.8	20.6	0.2	
Support Services	10.5	2.6	2.2	10.5	9.5	0.9	
Subtotal	**$ 122.8**	**$ 34.9**	**$ 42.9**	**$ 122.8**	**$ 125.6**	**$ (2.8)**	**(2%)**
Other							
2% Reserve for Excess Expenditures	2.5	0.7	-	2.5	-	2.5	
Total Capital Expenditures	**$ 125.3**	**$ 35.6**	**$ 42.9**	**$ 125.3**	**$ 125.6**	**$ (0.3)**	**(0%)**

[14] Negative figures account for the reallocation and reclassification of expenditures to the corresponding line items or projects.

Customer Experience Improvement Portfolio Summary ($ millions) – Preliminary Results

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

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Streetlighting	**$ 203.6**	**$ 45.4**	**$ 39.5**	**$ 203.6**	**$ 142.1**	**$ 61.5**	
Federally Funded	203.6	45.4	39.5	203.6	142.1		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	81.4	18.1	15.8	81.4	56.8		
AMI Implementation Program	**$ 148.0**	**$ 52.5**	**$ 18.4**	**$ 148.0**	**$ 107.7**	**$ 40.3**	
Federally Funded	148.0	52.5	18.4	148.0	107.7		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 28.3**	**$ 3.9**	**$ 6.6**	**$ 28.3**	**$ 21.6**	**$ 6.7**	
Federally Funded	-	-	-	-	(0.0)		
Non-Federally Funded	21.4	2.5	6.0	21.4	20.8		
OpEx	6.8	1.4	0.5	6.8	0.8		
SRP	3.6	0.5	0.0	3.6	0.4		
Total	**$ 379.8**	**$ 101.7**	**$ 64.4**	**$ 379.8**	**$ 271.3**	**$ 108.5**	**29%**

The **Distribution Streetlighting** program focuses on upgrading and replacing distribution streetlights. Key Q4 FY2025 activities included repairing more than 4,000 streetlights and replacing over 4,000 poles across multiple municipalities, including San Germán, Salinas, Coamo, Barranquitas, Las Piedras, Cidra, Naguabo, Añasco, Jayuya, Naranjito, Manatí, Comerío, Vega Alta, Hatillo, Corozal, Guaynabo, Villalba, Adjuntas, Ceiba, Aguadilla, Culebra, Toa Baja, Bayamón, Morovis, Guánica, Lajas, Orocovis, Aguada, Arroyo, Yabucoa, Dorado, Maunabo, Trujillo Alto, Aibonito, and Cataño. Year-to-date spending was lower than expected as we replaced fewer streetlights than anticipated due to the time elapsed for contract approvals and a strategy shift from performing Phase 1 work, which encompasses component replacement, to Phase 2 and Phase 3 work, which includes pole replacements.

The **Advanced Metering Infrastructure 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, creating a digital communications network and integrating a head-end and a meter data management system. Key activities in Q4 FY2025 included completing 109,937 AMI meter pre-deployment walkdowns, 9,821 exchanges, 25 access points, and one relay for the network. Also, we started replacing the Echelon meters, which were part of a pilot program from the previous operator, with AMI meters. AMI's head-end system has successfully read all AMI meters at a 99.9% read rate and billed all AMI meters with read data from the system. All system integration workshops have been completed, with the seven-month release still on schedule for the end of August. We have also completed vendor interviews for the meter data management system and plan to select a vendor during the second quarter of fiscal year 2026. Year-to-date spending was lower than expected due to delays in contract signing and working capital advance management. After developing and releasing the request for proposal and selecting a vendor, we finalized and awarded the contract and then began implementation, achieving the FY2025 milestone.

Distribution Improvement Portfolio Summary ($ millions) – Preliminary Results

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

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Line Rebuild	**$ 115.3**	**$ 50.3**	**$ 16.1**	**$ 115.3**	**$ 43.3**	**$ 72.0**	
Federally Funded	109.6	50.2	14.0	109.6	37.9		
Non-Federally Funded	5.7	0.1	2.1	5.7	5.5		
OpEx	-	-	-	-	(0.0)		
SRP	100.4	43.4	14.0	100.4	37.7		
Distribution Automation	**$ 96.0**	**$ 27.3**	**$ 9.9**	**$ 96.0**	**$ 41.2**	**$ 54.8**	
Federally Funded	90.0	28.0	9.0	90.0	34.6		
Non-Federally Funded	6.0	(0.7)	0.9	6.0	6.6		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Distribution Pole & Conductor Repair	**$ 79.6**	**$ 19.6**	**$ 34.4**	**$ 79.6**	**$ 81.1**	**$ (1.4)**	
Federally Funded	62.7	8.3	30.7	62.7	62.8		
Non-Federally Funded	16.9	11.3	3.8	16.9	18.2		
OpEx	-	-	-	-	-		
SRP	32.0	4.8	13.8	32.0	32.6		
Programs <5% of Portfolio Total	**$ 11.6**	**$ 4.0**	**$ 0.1**	**$ 11.6**	**$ 4.0**	**$ 7.6**	
Federally Funded	11.6	4.0	0.1	11.6	4.0		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	5.6	1.9	0.1	5.6	1.9		
Total	**$ 302.5**	**$ 101.2**	**$ 60.5**	**$ 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 Q4 FY2025 activities included submitting one detailed SOW to FEMA, completing the detailed design engineering and issuing construction documents for two projects, advancing to the final stage (Phase 5 - Pending FEMA Large Project Review) for three out of seven detailed SOWs previously submitted, and continuing detailed engineering work for the seven underground feeders and the development of the 35 high-priority overhead feeders. Additionally, for repairs to underground infrastructure, we replaced 900 ft of 15 kV cable, two pad-mount transformers, one switching unit cabinet, and two vacuum switches.- Year-to-date spending was lower than expected due to delays in starting engineering work for new feeder groups that were pushed to future fiscal years, optimizing the scope of existing in-flight projects, and delays in FEMA project review. Additionally, a delay in federal funding obligations pending alignment on hazard mitigation scope eligibility has impacted construction start estimates.

The **Distribution Automation** program focuses on deploying distribution automation equipment to improve system reliability. This includes installing intelligent switch fuses, fault indicators, and reclosers on select 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 Q4 FY2025 activities included repairing 27 hotspots and addressing 17 infrastructure issues, installing 45 fault circuit indicators and 60 reclosers, commissioning 77 reclosers, engineering 2,452 automated devices, and nine additional work order packages, executing 18 work order packages, and completing the protection settings for 604 automated devices. In this quarter, this program has avoided more than 64 million minutes of customer interruptions. Year-to-date spending 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 and 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 Q4 FY2025 activities included installing over 1,120 poles. Year-to-date spending 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) nearly 80 more poles than forecasted. The milestone of completing the first visual assessments (0 and 1s) was completed in H2 FY2025, through the Distribution Line Assessments Program.

Transmission Improvement Portfolio Summary ($ millions) – Preliminary Results

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.

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission Line Rebuild	**$ 67.7**	**$ 15.5**	**$ 16.2**	**$ 67.7**	**$ 47.1**	**$ 20.5**	
Federally Funded	66.7	15.2	16.3	66.7	46.9		
Non-Federally Funded	0.9	0.3	(0.1)	0.9	0.2		
OpEx	-	-	-	-	-		
SRP	66.7	15.2	15.9	66.7	46.5		
Transmission Priority Pole Replacements	**$ 28.3**	**$ 10.7**	**$ 15.1**	**$ 28.3**	**$ 34.5**	**$ (6.3)**	
Federally Funded	21.3	7.5	11.4	21.3	26.1		
Non-Federally Funded	7.0	3.3	3.7	7.0	8.5		
OpEx	-	-	-	-	-		
SRP	21.3	7.1	11.4	21.3	26.0		
IT OT Telecom Systems & Network	**$ 24.3**	**$ 7.6**	**$ 3.8**	**$ 24.3**	**$ 14.4**	**$ 9.9**	
Federally Funded	22.9	6.2	3.2	22.9	13.0		
Non-Federally Funded	1.4	1.4	0.6	1.4	1.4		
OpEx	-	-	-	-	-		
SRP	22.9	6.2	3.6	22.9	13.5		
Programs <5% of Portfolio Total	**$ 2.9**	**$ 0.7**	**$ 1.1**	**$ 2.9**	**$ 1.2**	**$ 1.8**	
Federally Funded	2.9	0.7	1.1	2.9	1.2		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 123.2**	**$ 34.5**	**$ 36.3**	**$ 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 Q4 FY2025 included submitting four detailed SOWs to FEMA, receiving 28 reports from architecture and engineering firms on proposed optimization of project scopes, and assessing options to adjust the scopes to drive overall portfolio efficiency and maximize execution capabilities. Year-to-date spending was lower than expected due to delays in engineering related to the scope of optimization for existing in-flight projects, and prioritizing resources to work on System Stabilization Plan projects.

The **Transmission Priority Pole Replacement** program includes replacing damaged overhead transmission poles, towers, and associated hardware and conductors. Key Q4 FY2025 activities included 396 hardware and insulation replacements, 28 hot spot repairs, 23 pole replacements, 46 switch repairs, and six switch replacements. Additionally, LUMA completed work on the following lines that were among the worst performers: 300, 500, 1000, 1200, 2200, 3000, 3100, 3600, 5600, 7100, 7800, 9400, 13500, and 37400. Year-to-date spending 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 the systems that carry transmission, distribution, and substation IT/OT data. Key activities in Q4 FY2025 included completing the procurement process for the launch of the microwave program and submitting the package to COR3. Additionally, LUMA submitted infrastructure groups A and D to COR3 and group B to FEMA, deployed the Internet Protocol (IP) control network as planned, and completed 30% of the IFR (issue for revision) design for the sites included in Transport Network group 2. Year-to-date spending 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 A&E assignment. The milestone of defining the field area network strategy was achieved, along with the commencement of repairs and upgrades to the telecom infrastructure to support IP-based traffic.

Substations Improvement Portfolio Summary ($ millions) – Preliminary Results

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.

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Substation Rebuilds	**$ 92.8**	**$ 32.9**	**$ 39.2**	**$ 92.8**	**$ 94.7**	**$ (1.9)**	
Federally Funded	89.0	29.0	39.4	89.0	91.0		
Non-Federally Funded	3.8	3.8	(0.2)	3.8	3.7		
OpEx	-	-	-	-	-		
SRP	46.7	15.2	19.7	46.7	47.6		
Substation Reliability	**$ 50.3**	**$ 16.3**	**$ 20.0**	**$ 50.3**	**$ 48.5**	**$ 1.8**	
Federally Funded	25.8	6.4	5.2	25.8	21.1		
Non-Federally Funded	24.5	10.0	14.8	24.5	27.4		
OpEx	-	-	(0.0)	-	0.0		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 4.8**	**$ 0.7**	**$ 2.3**	**$ 4.8**	**$ 4.3**	**$ 0.5**	
Federally Funded	4.1	0.7	2.0	4.1	3.9		
Non-Federally Funded	0.3	(0.1)	0.1	0.3	(0.0)		
OpEx	0.4	0.1	0.2	0.4	0.4		
SRP	4.1	0.7	2.0	4.1	3.7		
Total	**$ 147.9**	**$ 49.9**	**$ 61.5**	**$ 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 Q4 FY2025 activities included installing one 38/13.2 kV transformer at Rio Grande Estates 2306, one 115 kV breaker at San Juan Steam Plant, and five 38 kV breakers (one at Ponce Transmission Center, two at Bayamon Transmission Center, one at Victoria Transmission Center, and one at Cayey Transmission Center). Additionally, two 4 kV breakers were replaced, one at Yauco Hydro Plant 1 and one at Yauco Hydro Plant 2. Minor repair projects also continued across multiple substations, including fence replacement, roof repairs, painting, and physical security upgrades at Canóvanas Transmission Center, Covadonga Gas Insulated Switchgear, Arecibo-Factor, Quebradillas, Morovis, Cana, Crea, Rio Bayamon, Sabana Grande, Coamo, and Jobos Transmission Center. Year-to-date spending was higher than anticipated due to an earlier-than-planned start on two of the 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 Q4 FY2025 activities included the completion of civil works and transportation for four transformers under the System Stabilization Plan (two transformers in Monacillos TC, one in Bayamón TC, and one in Caguas TC) and the completion of one as-built breaker drawing and one transformer issue for the construction drawing. Additionally, replaced two distribution breakers, nine transmission breakers, nine distribution relays, 22 transmission relays, and nine remote terminal units. Year-to-date spending was lower than anticipated due to a lengthy federal fund obligation process and prioritization of System Stabilization Plan projects but offset in part by an increase in execution in non-federal project activity for System Stabilization Plan projects.

Control Center and Buildings Improvement Portfolio Summary ($ millions) – Preliminary Results

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

($ millions)

Program	FY2025 Budget[1]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Facilities Development & Implementation	**$ 15.0**	**$ 3.7**	**$ 1.3**	**$ 15.0**	**$ 3.4**	**$ 11.5**	
Federally Funded	11.0	2.8	0.1	11.0	0.1		
Non-Federally Funded	3.0	0.8	1.0	3.0	2.9		
OpEx	1.0	0.2	0.2	1.0	0.4		
SRP	13.9	3.5	1.2	13.9	3.2		
Critical Energy Management System Upgrades	**$ 12.6**	**$ 1.6**	**$ 5.0**	**$ 12.6**	**$ 9.5**	**$ 3.2**	
Federally Funded	12.2	1.5	5.0	12.2	9.5		
Non-Federally Funded	-	-	-	-	-		
OpEx	0.5	0.1	(0.0)	0.5	(0.0)		
SRP	8.9	1.1	3.5	8.9	6.7		
Control Center Construction & Refurbishment	**$ 5.7**	**$ 2.0**	**$ 0.7**	**$ 5.7**	**$ 2.7**	**$ 1.3**	
Federally Funded	5.7	2.0	0.7	5.7	2.7		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	4.6	1.6	0.6	4.6	2.1		
Programs <5% of Portfolio Total	**$ 0.6**	**$ 0.1**	**$ 0.3**	**$ 0.6**	**$ 0.4**	**$ 0.2**	
Federally Funded	0.0	0.0	-	0.0	-		
Non-Federally Funded	0.5	0.1	0.3	0.5	0.4		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 33.9**	**$ 7.5**	**$ 7.2**	**$ 33.9**	**$ 16.0**	**$ 18.0**	**53%**

The **Facilities Development & Implementation** program focuses on construction and remediation efforts for facilities and real property. Key Q4 FY2025 activities included several capital acquisitions to replace air conditioning units and chillers in different buildings. In addition, improvements were made to several customer service buildings, which included interior construction and the removal of electric generators, among other equipment. Year-to-date spending was lower than expected due to pending approval of the 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 Q4 FY2025 activities included completion of the Energy Management System (EMS) Factory Acceptance Test; ongoing refinement of the supervisory control and data acquisition databases and displays; configuring and refining the automatic generation control applications, unit commitment, load forecast, and network applications. Additionally, we made significant progress with point-to-point commissioning testing between the field equipment and the new EMS. Year-to-date spending 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 Q4 FY2025 activities included continued planning for the relocation of teams to clear space in Monacillos for the new Primary Control Center. During this quarter, a letter was submitted to FEMA outlining the inconsistencies in findings and statements related to Section 106 of the National Historic Preservation Act consultation, including local expert findings and operational requirements for the Monacillos campus, and requesting that the evaluation be reopened. A formal response from FEMA is pending. The tiered environmental assessment process is formally on hold while the Section 106 process is resolved. Year-to-date spending was lower than expected due to reduced activity while awaiting completion of the Primary Control Center tiered environmental assessment process.

Enabling Improvement Portfolio Summary ($ millions) – Preliminary Results

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 Fleet, Compliance and Studies, and Asset Data Integrity programs.

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Vegetation Management and Capital Clearing Implementation	**$ 208.2**	**$ 72.6**	**$ 16.4**	**$ 208.2**	**$ 73.8**	**$ 134.4**	
Federally Funded	158.2	60.1	7.0	158.2	27.2		
Non-Federally Funded	-	-	-	-	-		
OpEx	50.0	12.5	9.4	50.0	46.6		
SRP	158.2	55.2	12.5	158.2	55.3		
Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integrations	**$ 70.0**	**$ 26.3**	**$ 0.8**	**$ 70.0**	**$ 6.0**	**$ 64.0**	
Federally Funded	70.0	26.3	0.8	70.0	6.0		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
T&D Fleet	**$ 33.2**	**$ 4.6**	**$ 7.7**	**$ 33.2**	**$ 26.4**	**$ 6.8**	
Federally Funded	-	-	-	-	0.0		
Non-Federally Funded	9.2	(1.4)	3.9	9.2	11.1		
OpEx	24.0	6.0	3.8	24.0	15.3		
SRP	8.0	1.4	1.9	8.0	6.4		
Compliance & Studies[15]	**$ 33.0**	**$ 9.4**	**$ (15.8)**	**$ 33.0**	**$ (8.8)**	**$ 41.8**	
Federally Funded	28.3	7.1	(17.3)	28.3	(12.8)		
Non-Federally Funded	4.7	2.4	1.4	4.7	4.0		
OpEx	-	-	(0.0)	-	0.0		
SRP	20.1	4.9	(9.7)	20.1	(4.5)		
Asset Data Integrity	**$ 25.2**	**$ 6.2**	**$ 0.7**	**$ 25.2**	**$ 3.3**	**$ 21.8**	
Federally Funded	21.8	6.1	-	21.8	(0.0)		
Non-Federally Funded	3.4	0.1	0.7	3.4	3.3		
OpEx	-	-	-	-	0.0		
SRP	24.9	6.9	0.7	24.9	3.3		
Programs <5% of Portfolio Total	**$ 5.2**	**$ (1.0)**	**$ 16.5**	**$ 5.2**	**$ 60.9**	**$ (55.7)**	
Federally Funded	0.3	0.1	14.8	0.3	58.6		
Non-Federally Funded	3.6	(1.4)	1.7	3.6	2.2		
OpEx	1.3	0.2	0.1	1.3	0.2		
SRP	7.4	1.8	29.1	7.4	106.1		
Total	**$ 374.7**	**$ 118.1**	**$ 26.3**	**$ 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 Q4 FY2025 activities included completing the assessment, trimming, and removing 231 miles of vegetation from distribution and 208 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 37 miles of vegetation from distribution lines using federal funds. Year-to-date spending was lower than expected due to delays in the obligation of funds and working capital advance management.

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

LUMA Quarterly Vegetation Management by Voltage Level

Voltage	FY2025 Q4 Miles			FY2025 YTD Miles			FY2025 Q4 Acres[16]			FY2025 YTD Acres[16]		
	Federally Funded Clearing[17]	OpEx Maintenance	Total Miles	Federally Funded Clearing[17]	OpEx Maintenance	Total Miles	Federally Funded Clearing[17]	OpEx Maintenance	Total Acres	Federally Funded Clearing[17]	OpEx Maintenance	Total Acres
Distribution	37	231	268	106	730	836	53	336	389	154	1,062	1,215
38 kV	0	14	14	0	76	76	0	42	42	0	230	230
115 kV	0	144	144	0	497	497	0	1,745	1,745	0	6,024	6,024
230 kV	0	50	50	0	308	308	0	606	606	0	3,733	3,733
Total	**37**	**439**	**476**	**106**	**1,611**	**1,717**	**53**	**2,730**	**2,783**	**154**	**11,050**	**11,203**

The **Microgrid, Phasor Measurement Units, and Battery Energy Storage Installations and Integration** program supports projects that enhance system reliability and resiliency, restore functionality, and mitigate safety hazards. Key Q4 2025 activities included advancing studies and master plans for the Vieques and Culebra microgrid projects and their associated T&D impacted facilities, as well as progress towards launching a request for proposal for the 4x25 MW BESS projects. Year-to-date spending was lower than expected due to delays in the obligation of 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 Q4 FY2025 activities included completing 154 Department of Transportation inspections and 52 American National Standards Institute vehicle compliance inspections. Additionally, targeted training courses were provided for 12 mechanics, including commercial operator training, cardiopulmonary resuscitation training for two fleet coordinators, underground tank operations training for four mechanics, forklift certification training for 16 mechanics and six shop supervisors, and interventions and safe handling training for 14 mechanics, three shop supervisors, and three administrative assistants. Total spending is 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 Q4 FY2025 activities included completion of supplemental studies for 148 circuits, covering more than 5,356 small rooftop solar photovoltaic installations. Additionally, ongoing field walk-downs and assessments of non-compliant circuits were conducted, with 702 walk-downs completed to support the integration of renewable energy sources. LUMA completed eight distribution area plans covering 37 substations and 129 distribution circuits. LUMA has also begun developing work order packages for 150 feeders, where DER supplemental studies identified the need for infrastructure upgrades. Year-to-date spending was lower than expected, with several adjustments made in the quarter due to the allocation of study costs to their respective improvement programs, aligning with compliance requirements in 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; these studies are ongoing as planning and models are completed.

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 Q4 FY2025 activities included importing 48,000 transmission assets and 914,000 distribution assets into Asset Suite, completing the Asset Suite Core Configuration to enable the assignment and execution of Preventive and Corrective Maintenance activities. LUMA also achieved completion of the asset tagging benchmarking study, developed the asset number methodology, and drafted the asset numbering and physical tagging standards. Year-to-date spending was lower than expected due to the delay in obligating funds for the Vegetation Management and Capital Clearing Implementation program, which halted asset verification activities.

[16] 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.
[17] For federally funded miles and acres, the figure includes both completed work and miles assessed as clear spans.

Support Services Improvement Portfolio Summary ($ millions) – Preliminary Results

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

($ millions)

Program	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	Variance ($)[3]	Variance (%)
IT OT Asset Management	**$ 23.5**	**$ 2.4**	**$ 1.5**	**$ 23.5**	**$ 6.5**	**$ 17.0**	
Federally Funded	17.4	0.1	0.5	17.4	0.6		
Non-Federally Funded	6.1	2.2	1.0	6.1	5.8		
OpEx	-	-	0.0	-	0.1		
SRP	16.5	0.1	1.1	16.5	4.5		
IT OT Enablement Program	**$ 1.9**	**$ 0.5**	**$ 0.6**	**$ 1.9**	**$ 1.9**	**$ (0.0)**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	1.9	0.5	0.6	1.9	1.9		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
Critical Financial Systems	**$ 1.8**	**$ 0.4**	**$ 0.1**	**$ 1.8**	**$ 1.3**	**$ 0.4**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	1.6	0.4	0.1	1.6	1.2		
OpEx	0.2	0.0	-	0.2	0.1		
SRP	1.5	0.4	0.1	1.5	1.1		
Critical Financial Controls	**$ 1.6**	**$ 0.4**	**$ 0.4**	**$ 1.6**	**$ 0.9**	**$ 0.7**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	1.6	0.4	0.4	1.6	0.9		
SRP	1.6	0.4	0.4	1.6	0.9		
Update to Third Party Use, Audit, Contract and Billing Procedures	**$ -**	**$ -**	**$ 0.6**	**$ -**	**$ 2.5**	**$ (2.5)**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	-	-	-	-	0.0		
OpEx	-	-	0.6	-	2.5		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 3.8**	**$ 0.3**	**$ 0.6**	**$ 3.8**	**$ 1.3**	**$ 2.5**	
Federally Funded	0.3	0.2	-	0.3	-		
Non-Federally Funded	0.9	(0.5)	0.5	0.9	0.6		
OpEx	2.6	0.6	0.1	2.6	0.7		
SRP	0.5	0.1	0.2	0.5	0.3		
Total	**$ 32.6**	**$ 4.0**	**$ 3.8**	**$ 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 Q4 FY2025 activities include purchasing five and installing two GPS clocks, which will allow for the synchronization of equipment during an outage event or disruption, ensuring that items are tracked and resolved promptly. Year-to-date spending was lower than expected due to pending obligation for Network Enhancement, Mass Storage and Back Up Appliance, Software-Defined Wide Area Network (SDWAN) integration, Private Branch Exchange (PBX) Replacement, North American Electric Reliability Corporation Critical Infrastructure Protection (NERC- CIP) Compliance Software Implementation and Disaster Recovery Information Technology (DR IT) Systems migration to 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 Q4 FY2025 activities include launching the Agile Delivery Framework, which allows technology projects to implement a new model that focuses on delivering smaller, incremental improvements throughout the project's duration, rather than waiting until the end of the project for final results. Additionally, the configuration management database update process will commence. Year-to-date spending aligns with the budget.

The **Critical Financial Systems** program covers technology projects, including financial management systems, risk management systems, and supply chain management technology. Key Q4 FY2025 activities included the completion of the time recording enhancement project, which will improve LUMA’s financial health. In addition, reviewed the procure-to-pay project to evaluate business needs using an Oracle-native system solution, and proposed a new scope for the project that included additional items beyond the current contracts. The year-to-date results are 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 activities in Q4 FY2025 included successfully implementing procedures in accounts payable, project accounting, regulatory, and payroll areas; completing the initial round of walkthroughs with key procure-to-pay and month-end close stakeholders; and creating and circulating draft controls, process flows, and potential gaps for the internal control framework. Year-to-date spending 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, infrastructure, audits, contracts, and billing. Key Q4 FY2025 activities included processing 21 third-party applications for attachment to 1,785 poles and collecting application fees totaling $12,450.00. Year-to-date spending was higher than expected due to uncollected offsets related to third-party attachment applications and pole attachment fees.

Third-Party Attachment additional requirements

Third party Attachment Rental Fee								
Fiscal Year	**Status**	**Attachments**		**Billed[18]**		**Q4 Collected**		**Inception to date collected[19]**
FY2025	Current	456,792	$	4,697,061	$	(188,459)	$	(41,568)
FY2023	Past Due	452,657	$	4,653,827	$	(12,345)	$	(103,524)
FY2022	Past Due	429,438	$	4,424,013			$	(79,007)
	Totals		**$**	**13,774,901**	**$**	**(200,803)**	**$**	**(224,099)**

Actions LUMA took to address non-compliant attachers:

- Continued to evaluate pole attachment applications as they are processed during the fiscal year, per the telecommunications companies
- LUMA has shared with telecommunication carriers and the Telecommunications Bureau a new pole attachment rate, calculated in compliance with Regulation 9090 and the Federal Communications Commission formula. Rental fee invoices will be sent to each telecommunication company after an attachment rate is agreed upon between the parties
- Sent rental fee invoices to each telecommunication company 30 days after the current fiscal year ends
- Implemented the revenue collection plan as detailed in Section 4.0 of the revised Update to Third Party Use, Audit, Contract, and Billing Procedures program brief submitted on October 24, 2024.[20]
- On April 9 and 10, 2025, LUMA sent non-compliance letters to all municipalities regarding unauthorized attachments such as surveillance cameras on PREPA poles, and irregularities in the energy connections to that equipment

Claro and LUMA signed a settlement agreement on May 8, 2025, for the past due amounts from FY2022-2024. As per Claro's request, LUMA is waiting on PREPA's ratification of the agreement to receive payment.

Challenges in implementing the TPA management program:

- LUMA has been pursuing the development of a TPA agreement with telecommunication companies for the last two years, yet it has not reached an agreement with telecommunication companies
- LUMA has billed for the rental fees covering fiscal years 2022, 2023, and 2024, but has collected 3% of payments; these payment arrears impact ongoing operations and maintenance of infrastructure

[18] LUMA has established an annual billing cycle for the rental fee.
[19] Inception to date is not inclusive of current quarter collections
[20] Total amount of collection will be subject to changed based on the final resolution of an annual rate in compliance with Regulation 9090 and the Federal Communications Commission formula for pole attachment rate.

- Companies are non-compliant with Puerto Rico's regulation 9090, which requires them to participate in construction projects and transfer third-party attachments to new infrastructures; this also impacts our ability to initiate a reimbursement requisition process and prevents LUMA from completing projects
- Telecommunication companies have not been able to provide an accurate and complete inventory of their infrastructure attachments

After conducting compliance inspections, LUMA found that telecommunication companies had already connected their cables without proper authorization for more than 50% of the attachment applications that LUMA has not yet approved, which creates safety hazards and further weakens the aged infrastructure.

Proposed solutions:

- Continuing the development of a temporary memorandum of understanding or short-term sheet with telecommunication companies, addressing key issues for both parties and their resolutions within a limited timeframe to resolve the main controversies and help stabilize TPA management temporarily; this effort would eventually evolve into a permanent and exhaustive agreement. Enforce Regulation 9090 and Act 83-1941 to ensure that LUMA federal projects can continue through the established federal process for close-out
- LUMA has maintained communications with the PR Telecommunications Bureau to ascertain possible legal and regulatory actions to address unauthorized and noncompliant third-party attachments of telecommunication companies. Following an investigation, a formal legal notice process will be initiated with telecommunications carriers
- For third-party attachments not related to telecommunication carriers, formal notices had been sent to address compliance and unauthorized use of the electrical infrastructure

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, since July 1, 2023. These responsibilities were contemplated as outlined in Annex VI of the T&D OMA and were initially governed by the Shared Services Agreement (SSA) between PREPA, P3A, and LUMA, effective June 1, 2021. These services were set to expire on December 31, 2023. 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 ends 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 T&D OMA and the A&R SSA.

Shared Services Summary ($ millions) – Preliminary Results

($ millions)

	FY2025 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance[3] ($)	YTD Variance (%)
Labor	0.8	-	0.3	0.8	3	(2.2)	
Property & Casualty Insurance	58.3	14.6	4.3	58.3	39.5	18.8	
IT Service Agreements	1.7	-	1.3	1.7	4	(2.3)	
Legal Services	-	-	0.6	0	1.2	(1.2)	
Professional & Technical Outsourced Services	0.1	-	1.1	0.1	3.3	(3.2)	
Other	-	(0.1)	0.1	0	0.3	(0.3)	
Subtotal	**$ 60.9**	**$ 14.5**	**$ 7.7**	**$ 60.9**	**$ 51.3**	**$ 9.6**	**16%**
2% Reserve for Excess Expenditures	1.2	0.3		1.2	-	1.2	
Shared Services Total	**$ 62.1**	**$ 14.8**	**$ 7.7**	**$ 62.1**	**$ 51.3**	**$ 10.8**	**17%**

The primary driver for the $10.8 million year-to-date 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 subject to audit, and it 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.