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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: Motion to Submit Quarterly Report for the First Quarter of Fiscal Year 2026**

MOTION TO SUBMIT QUARTERLY REPORT FOR THE FIRST QUARTER OF FISCAL YEAR 2026

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

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

1. On May 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").

2. 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 reporting on federal funding activity. *See* May 31st Resolution and Order, p. 36, paragraphs 1 through 4; *see also* Resolution and Order of July 16, 2021, p. 6 (modifying the federal funding reporting requirements stated in the May 31st Resolution and Order).

3. 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, required that the quarterly reports explain and justify

variances, and included quarterly reporting requirements on actual expenditures and spending amounts for the quarter and year-to-date activities, information to assess outstanding balances, as well as information on actual load and sales (the "February 27th Order"). *See* February 27th Order, p. 28. Furthermore, this Energy Bureau required LUMA to submit quarterly information regarding the number of lineworkers and the number of lineworkers qualified to work on energized lines. *See* February 27th Order, p.14; *see also* June 25th Order, p. 33.

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"). The June 25th Order expanded the reporting requirements applicable to LUMA's quarterly reports by requiring LUMA to include the following:

i. Information on the status of funding, expenditures, and progress of vegetation management work, *see* June 25th Order, p. 33;

ii. A comprehensive explanation of variances in Vegetation Management expenditures, *see* June 25th Order, pp. 9, 33;

iii. A comprehensive explanation of the miles and acres of vegetation cleared for each T&D voltage level for the year cumulatively, as well as for the applicable quarter. *Id*.

5. On September 22, 2023, this Energy Bureau issued a Resolution and Order whereby it addressed, in relevant part, LUMA's *Motion for Partial Reconsideration of Resolution and Order of June 25, 2023 on Fiscal Year 2024 System Budgets* and granted LUMA's request for approval of the T&D Budget as submitted by LUMA on May 16, 2023 ("September 22nd Order"). Regarding quarterly reporting requirements, this Energy Bureau directed LUMA to submit information on the status of collections from pole (third-party) attachments, including the amounts

collected and how collected funds are accounted for in the budget. *See* September 22nd Order, p. 7.

6. On June 26, 2024, this Energy Bureau issued a Resolution and Order whereby it approved, albeit with several modifications, the FY2025 Proposed System Budgets filed by LUMA on May 25, 2024 ("June 26th Order"). Therein, the Energy Bureau ordered LUMA to provide "comprehensive monthly updates [regarding Vegetation Management], beginning August 1, 2024, using the Reporting Templates of Attachment G to this Resolution and Order." *See* June 26th Order, p. 7. Moreover, through its June 26th Order, this Energy Bureau also directed LUMA to "provide, beginning with Q2 FY2025, quarterly reports" detailing the number of identified third-party attachments, amounts billed and collected for TPA rents, projected future TPA revenues, challenges faced in implementing the TPA management program and proposed solutions, and non-compliant attachers and actions taken to address non-compliance. *Id*., p. 9.

7. On June 20, 2025, the Energy Bureau issued a Resolution and Order establishing temporary default budgets for Fiscal Year 2026 ("FY2026 T&D Provisional Budget") to ensure continuity of operations pending the outcome of the ongoing rate review under Case No. NEPR-AP-2023-0003, *In Re: Puerto Rico Electric Power Authority Rate Review* ("June 20th Order"). On October 10, 2025, LUMA submitted an amendment to the FY2026 T&D Provisional Budget, requesting that the Energy Bureau recognize the amended FY2025 budget as the appropriate baseline for FY2026 allocations and authorize reallocations within the existing operating and non-federal capital budgets. On October 24, 2025, the Energy Bureau issued a Resolution and Order granting, in relevant part, LUMA's October 10th Motion ("October 24th Order"). The Bureau approved using the amended FY2025 budget as the baseline for LUMA's FY2026 Provisional

Budget, finding it better reflects current operational priorities, and confirmed that the amendment would not affect rates.

8. The June 20th Order, as amended by the October 24th Order, did not alter LUMA's quarterly reporting requirements.

9. In compliance with the quarterly reporting requirements set forth in the above-referenced orders, LUMA hereby submits to the Energy Bureau, attached as *Exhibit 1*, its comprehensive Quarterly Report of Fiscal Year 2025, for the First Quarter ending September 30, 2025 ("Q1 Report"). The Q1 Report also addresses the quarterly reporting requirement set in Case No. NEPR-MI-2020-0019, *In Re: Review of the Puerto Rico Electric Power Authority's System Remediation Plan*, and will, therefore, be submitted in that proceeding as well.

10. The Q1 Report provides information on LUMA's T&D expenditures, including departmental spending, as well as details for each of the Improvement Portfolios, with a breakdown of costs under the Operating Budget and each of the Capital Budgets. The Q1 Report includes expenditure information for Q1 as well as year-to-date variances from the approved budget. The Q1 Report provides detailed information on spending portfolios and explanations of updates to key projects.

11. The Q1 Report also includes the quarterly information on shared services, *see* Q1 Report, pp. 38-39, information on load and sales forecasts, *see* Q1 Report, at p. 10, and information regarding third-party attachments, *see* Q1 Report, at pp. 33-34.[1]

[1] A portion of the information regarding third-party attachments provided by LUMA herein includes sensitive commercial information and thus, is being filed under seal of confidentiality. See Exhibit 1, Attachment 1 (Attachment 1_TPA Noncompliant attachers). LUMA is also submitting today, a redacted public version of said attachment. In compliance with the Energy Bureau's Policy on Management of Confidential Information, CEPR-MI-2016-0009, issued on August 31, 2016, as amended on September 21, 2016, under separate cover and expediently, within the next ten (10) days, LUMA will submit a memorandum of law in support of its request to file portions of said attachment, under seal of confidentiality.

12. In compliance with the June 25th Order, the Q1 Report identifies variances in Vegetation Management expenditures. *See* Q1 Report, at pp. 11, 14, 30.

13. The Q1 Report also includes information on vegetation clearing by voltage level. *See* Q1 Report, at p. 31.

14. In compliance with the February 27th Order and the June 25th Order, the Q1 Report also includes information on the number of lineworkers, the number of lineworkers qualified to work on energized lines, and an explanation of recruitment efforts. *See* Q1 Report, p. 15.

15. Finally, LUMA is submitting as *Exhibit 2* of this Motion, the Budget to Actuals Report in Excel workbook format, which LUMA shares quarterly with the Financial Oversight and Management Board for Puerto Rico ("FOMB").

16. The Q1 Report also meets LUMA's quarterly reporting obligations under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement executed among the Puerto Rico Electric Power Authority, LUMA, and the Puerto Rico Public Private Partnerships Authority ("P3 Authority") dated as of June 22, 2020 ("T&D OMA"). It will be submitted to the P3 Authority. *See* T&D OMA, Annex I, Section VI(B), paragraph (5).

WHEREFORE, LUMA respectfully requests that this honorable Energy Bureau **take notice** of the above regarding the filing of the Q1 Report; **accept** the attached *Exhibits 1 and 2*; and **deem** LUMA in compliance with the reporting requirements set forth in the aforementioned orders.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 14th day of November, 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; ramon.ramos@jsyalaw.com; legal@genera-pr.com; and regulatory@genera-pr.com.

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

/s/ Katiuska Bolaños Lugo
Katiuska Bolaños Lugo
RUA NÚM. 18,888
Katiuska.Bolanos-Lugo@us.dlapiper.com

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

Exhibit 1
Q1 Report
Supporting schedules to be submitted via email

Informe trimestral de LUMA

para el primer trimestre (Q1) del año fiscal 2026

que termina el 30 de septiembre de 2025

Esfuerzos sostenidos en medio de restricciones fiscales y externas: LUMA mantiene su rumbo

Durante el primer trimestre del año fiscal 2026, LUMA operó bajo limitaciones fiscales que afectaron directamente el ritmo y el alcance de varias iniciativas planificadas. Desde el punto de vista financiero, LUMA reportó gastos operativos y no financiados con fondos federales inferiores a los previstos en lo que va del año, debido principalmente a las persistentes restricciones de liquidez. En este período, LUMA recibió el 77% del presupuesto aprobado por el Negociado de Energía de Puerto Rico (PREB, por sus siglas en inglés). Como resultado, se controlaron intencionalmente los niveles de gasto reasignando prioridades, aplazando los servicios de proveedores y tomando la decisión de no cubrir determinados puestos, a fin de garantizar la continuidad de las operaciones principales. LUMA se vio obligada a adoptar estas medidas para garantizar la continuidad de las operaciones esenciales, que incluyen gastos operativos, inversiones de capital no financiadas con fondos federales e inversiones de capital financiadas con fondos federales.

A pesar de estas limitaciones fiscales, LUMA continuó cumpliendo con las responsabilidades establecidas en el Acuerdo de Operación y Mantenimiento del Sistema de Transmisión y Distribución (T&D OMA, por sus siglas en inglés), lo que permitió mantener el enfoque en la continuidad operativa, la calidad del servicio al cliente y el estricto cumplimiento de las normativas aplicables.

LUMA realizó labores esenciales de mantenimiento y estabilización del sistema eléctrico, que incluyeron el reemplazo de aproximadamente 5,070 postes eléctricos dañados, la instalación de más de 435 dispositivos de automatización y protección para fortalecer la confiabilidad del sistema y el manejo de vegetación a lo largo de 565 millas de servidumbre. Se activaron más de 12,452 sistemas solares nuevos bajo el programa de medición neta, con lo que se añadieron más de 117 megavatios de energía limpia distribuida a la red y se aprovecharon y maximizaron los recursos disponibles.

El área de servicio al cliente se mantuvo estable; se atendieron más de 569,000 llamadas y se brindó atención presencial a 535,041 clientes en las oficinas regionales. Además, la empresa implementó estrategias para mejorar la gestión de cobros y fortalecer la relación con los clientes, lo que permitió que más de 9,600 se acogieran a planes de pago y que se recuperaran aproximadamente $95 millones en balances vencidos.

En el ámbito de la regulación, LUMA presentó la primera solicitud de revisión de tarifas permanentes del sistema energético de Puerto Rico desde 2017, un paso importante hacia el establecimiento de una estructura tarifaria y de financiamiento que respalde la estabilidad financiera a largo plazo de la red.

Aunque muchos se retrasaron debido a limitaciones de financiamiento, varios programas de mejora continuaron su curso. Por ejemplo, en el programa de Infraestructura de Medición Avanzada, se reemplazaron 39,000 contadores y se integraron sistemas nuevos para mejorar la precisión de los datos y la calidad del servicio al cliente.

En resumen, aunque las restricciones fiscales limitaron la ejecución plena de las iniciativas planificadas, LUMA se mantuvo enfocada en la prestación de servicios esenciales, la preservación de la confiabilidad del sistema y el cumplimiento de los procesos normativos. La labor del personal de campo y de apoyo fue determinante para sostener las operaciones y avanzar en actividades críticas, aun frente a condiciones particularmente precarias.

Este informe, presentado de conformidad con los requisitos del T&D OMA, ofrece una visión general de las operaciones y actividades que realizó LUMA entre el 1 de julio y el 30 de septiembre de 2025, y refleja los esfuerzos de la empresa por manejar sus responsabilidades esenciales en un contexto complejo. Las secciones que siguen reflejan el compromiso continuo de la empresa y las medidas concretas que ha adoptado para transformar la infraestructura energética de Puerto Rico, a fin de promover una operación eficiente y fiscalmente responsable.

Progreso para Puerto Rico durante el primer trimestre del año fiscal 2026

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

- instalamos más de 435 dispositivos de automatización y protección de las líneas de distribución para mejorar la confiabilidad del sistema,
- activamos más de 12,452 sistemas solares que ahora participan en la medición neta de energía, lo que representa más de 117 MW de energía limpia,
- ofrecimos más de 15,780 horas de capacitación en salud y seguridad en el trabajo y en LUMA College,
- reemplazamos más de 5,070 postes de distribución rotos o dañados,
- respondimos a 545,152 llamadas con un tiempo de espera de menos de cinco minutos y
- reemplazamos o reparamos más de 4,000 luminarias.

Retos Financieros del Sistema Energético

Durante el año fiscal 2026, LUMA ha enfrentado una marcada insuficiencia de fondos, lo que ha prolongado los retos financieros que continúa enfrentando desde el año fiscal anterior. Estas limitaciones responden a una brecha estructural de financiamiento que hemos señalado repetidamente en presentaciones y comunicaciones previas. A pesar de que el PREB aprobó presupuestos elaborados para respaldar operaciones confiables, los fondos que, en efecto, asigna la Autoridad de Energía Eléctrica han estado muy por debajo de los presupuestos establecidos. Desde agosto de 2024, los depósitos en las cuentas operacionales y de inversiones de capital no financiadas con fondos federales de LUMA no han superado el 33% del saldo mínimo requerido, según el T&D OMA.

Al cierre del primer trimestre del año fiscal 2026, LUMA había recibido aproximadamente $142 millones para sus cuentas operacionales y de inversiones de capital no financiadas con fondos federales, lo que representa solo el 77% del presupuesto aprobado por el PREB para ese mismo período. Este déficit continúa la tendencia al infrafinanciamiento crónico, y evidencia la falta de alineación entre los presupuestos aprobados y las entradas de efectivo reales. Como resultado, LUMA se ha visto obligada a priorizar los trabajos según su nivel de criticidad, a fin de asegurar que los recursos limitados se destinen a actividades esenciales para mantener la confiabilidad, la seguridad y la estabilidad del sistema eléctrico de Puerto Rico.

Se ha dado prioridad a la respuesta ante emergencias, al manejo de la vegetación en zonas de alto riesgo y al reemplazo de activos críticos que han fallado o han alcanzado el final de su vida útil. Sin embargo, otras actividades no esenciales se han pospuesto hasta que mejoren las condiciones de liquidez, lo que ha provocado retrasos en algunos trabajos planificados para el año fiscal 2026.

El déficit de liquidez también ha generado retos significativos en el manejo de la red de suplidores y contratistas de LUMA. La reducción y demora en los pagos han afectado a varios suplidores clave que proveen materiales esenciales y servicios técnicos. Como consecuencia, los balances de cuentas por pagar han aumentado considerablemente, lo que ha redundado en la necesidad de extender los plazos para cumplir con las obligaciones pendientes. Aunque esta situación es inevitable debido a las limitaciones actuales de financiamiento, constituye una presión indebida sobre los suplidores y aumenta el riesgo de interrupciones en operaciones esenciales. Para mitigar esta situación, LUMA mantiene una coordinación estrecha con sus suplidores, ha implementado itinerarios de pago revisados y priorizado desembolsos para trabajos críticos.

Estas restricciones financieras también han influido en la planificación de la fuerza laboral y el calendario de proyectos de capital y mantenimiento. Algunas plazas permanecen vacantes, y se ha ajustado la secuencia de trabajos para alinearla con los flujos de efectivo disponibles. Cada decisión se ha tomado con el objetivo de evitar impactos irreversibles en la capacidad operativa del sistema y minimizar los efectos sobre los clientes.

En circunstancias normales, LUMA distribuye el presupuesto que aprueba el PREB de conformidad con la ejecución planificada de las actividades a lo largo del año fiscal, bajo el supuesto de que los fondos estarán disponibles de manera oportuna. Sin embargo, dadas las restricciones actuales de liquidez, este enfoque no ha sido viable. La disponibilidad limitada de efectivo ha obligado a posponer determinadas actividades –en particular las asociadas a costos incrementales autorizados en el presupuesto provisional– a otros trimestres del año fiscal. Esta reasignación es una consecuencia directa del déficit de financiamiento. De haberse contado con fondos suficientes, estas actividades se habrían ejecutado conforme a lo planificado, lo que habría permitido una ejecución más estable y eficiente del trabajo aprobado.

Las continuas restricciones de liquidez desde el año fiscal 2025 hasta el 2026 subrayan la necesidad urgente de una solución de financiamiento sostenible. LUMA reitera su compromiso de mantener operaciones seguras y confiables dentro de los límites de los fondos disponibles. Restaurar el apoyo presupuestario completo y oportuno es esencial no solo para retomar los trabajos pospuestos y estabilizar las relaciones con los suplidores, sino también para avanzar en los esfuerzos de modernización y resiliencia de la red eléctrica, fundamentales para la transformación energética a largo plazo de Puerto Rico.

LUMA Quarterly Report

for the First Quarter (Q1) of Fiscal Year 2026

ending September 30, 2025

Sustained Efforts Amid Fiscal and External Constraints: LUMA Stays the Course

During the first quarter of fiscal year 2026, LUMA operated under significant liquidity constraints that directly affected the pace and scope of several planned initiatives. Financially, LUMA reported lower-than-expected year-to-date Operating and Non-Federally Funded expenditures, mainly due to ongoing cash funding constraints. In this period, LUMA received 77% of the Puerto Rico Energy Bureau (PREB) approved budget. Consequently, spending levels were deliberately contained through activity reprioritization, vendor service deferrals, and the decision to keep certain positions unfilled. LUMA aimed these measures at ensuring the continuity of core operations, including operating expenses, Non-Federally Funded Capital, and Federally Funded Capital investments.

Despite these fiscal limitations, LUMA continued to fulfill its responsibilities under the Transmission and Distribution System Operation and Maintenance Agreement (OMA), maintaining a focus on operational continuity, customer service, and regulatory compliance.

LUMA carried out essential maintenance and system stabilization activities, which included replacing approximately 5,070 damaged utility poles, installing over 435 automation and protection devices to enhance system reliability, and performing vegetation management across 565 miles of rights-of-way. Leveraging and maximizing the resources available to it, LUMA activated more than 12,452 new solar systems under the net metering program, which added over 117 megawatts of distributed clean energy to the grid.

Customer service operations remained steady, with over 569,000 calls answered and 535,041 customers assisted in regional offices. The company also implemented measures to strengthen collections and customer engagement, enrolling more than 9,600 customers in payment plans and recovering approximately $95 million in overdue balances.

On the regulatory front, LUMA submitted the first petition for updated permanent rates for Puerto Rico's energy system since 2017, an important step toward establishing a rate and funding structure that supports the grid's long-term financial stability.

Although many programs experienced delays due to funding limitations, several improvement programs made some progress. For example, the Advanced Metering Infrastructure program completed 39,000 meter replacements and integrated new systems to improve data accuracy and customer support.

In summary, while cash funding constraints limited the full execution of planned initiatives, LUMA remained focused on delivering essential services, maintaining system reliability, and complying with regulatory processes. The work of field and support personnel was instrumental in sustaining operations and advancing critical activities under challenging conditions.

This report, submitted in accordance with the requirements of the T&D OMA, provides an overview of LUMA's operations and activities carried out between July 1 and September 30, 2025, reflecting the

company's efforts to manage essential responsibilities under challenging conditions. The following sections outline the company's continued commitment and the steps taken to support Puerto Rico's energy infrastructure.

Progress for Puerto Rico during Fiscal Year Q1 2026

Building a Better Energy Future for All LUMA Customers:

- installed over 435 distribution automation and protection devices to enhance reliability,
- activated more than 12,452 solar systems participating in net energy metering, which represents over 117 MW of clean energy,
- completed more than 15,780 training hours in health and safety on the job and at LUMA College,
- replaced over 5,070 broken and damaged distribution utility poles,
- answered 545,152 calls with a wait time of less than five minutes and
- replaced or repaired over 4,000 streetlights.

Energy System Financial Challenges

In fiscal year 2026, LUMA continued to experience significant underfunding, extending the financial challenges that began in the previous fiscal year. These constraints stem from a structural funding gap that has been consistently highlighted in prior filings and communications. Despite PREB's approval of budgets intended to support reliable operations, the actual funding allocations from PREPA have fallen well below those levels. Since August 2024, deposits into LUMA's operating and non-federally funded capital accounts have not exceeded 33% of the minimum balances required under the T&D OMA.

As of the end of the first quarter of FY2026, LUMA had received approximately $142 million for its Operational and Non-Federally Funded Capital Accounts, representing only 77% of the budget allocation approved for the same period. This shortfall continues the trend of chronic underfunding and underscores the misalignment between approved budgets and actual cash inflows. As a result, LUMA has been forced to prioritize work based on criticality, ensuring that limited resources are directed toward activities essential to maintaining the reliability, safety, and stability of Puerto Rico's electric grid.

Priority has been given to emergency response, vegetation management in high-risk areas, and the replacement of critical assets that have failed or reached the end of their service life. Other non-essential activities have been deferred until liquidity conditions improve, resulting in delays to portions of the planned FY2026 work.

The liquidity shortfall has also created substantial challenges in managing LUMA's supplier and contractor network. Reduced and delayed payments have affected several key vendors that provide essential materials and technical services. As a result, accounts payable balances have grown substantially, reflecting the extended timeframes required to satisfy outstanding obligations. While unavoidable under current funding limitations, this situation places undue pressure on suppliers and increases the risk of disruption to essential operations. To mitigate this situation, LUMA continues to maintain close coordination with suppliers, implementing revised payment schedules and prioritizing disbursements for critical-path work.

These financial constraints have also influenced workforce planning and the timing of capital and maintenance projects. Certain positions remain unfilled, and the sequencing of work has been adjusted to align with available cash flows. Every decision has been made to prevent irreversible impacts on the utility's operational capacity and minimize effects on customers.

Under normal circumstances, LUMA allocates the PREB-approved budget in alignment with the planned execution of activities across the fiscal year, assuming it will receive the available funds promptly. However, given the ongoing liquidity constraints, this approach has not been feasible. The limited availability of cash has necessitated rescheduling certain activities to later quarters of the fiscal year, particularly those associated with incremental costs authorized under the provisional budget. This reallocation is a direct consequence of the funding shortfall. Were sufficient funding available, these activities would have proceeded according to plan, supporting a more consistent and efficient delivery of the approved work.

The continuation of liquidity constraints from FY2025 into FY2026 underscores the urgent need for a sustainable funding solution. LUMA remains committed to maintaining safe and reliable operations within the limits of available funding. Restoring full and timely budgetary support is essential not only

to resume deferred work and stabilize supplier relationships but also to advance the grid modernization and resiliency efforts that are critical to Puerto Rico's long-term energy transformation.

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Q1 FY2026 Financial Performance

As of September 30, 2025, LUMA remained within budget, having spent 21% of its annual operational and non-federally funded capital budgets. This lower-than-planned level of spending reflects the continued insufficiency of funds available to support the approved work plan. Due to the unresolved funding shortfall, LUMA has had to carefully manage expenditures, prioritizing activities essential to reliability and system stability while deferring others. Throughout this period, LUMA has taken all necessary measures to operate responsibly within these constraints, seeking to minimize any potential impacts that these adjustments may have on customers.

Summary of Q1 of FY2026 Spending ($ million)

($ million)

	FY2026 Budget[1,3]	Q1 Budget[1,3]	Q1 Actuals[3]	Variance ($)[2]	Variance (%)
Transmission & Distribution					
Operating Expenditures	$ 596.5	$ 143.0	$ 129.1	$ 13.9	**10%**
Non-Federally Funded Capital Expenditures	$ 183.7	$ 41.5	$ 35.4	$ 6.1	
Subtotal[2]	**$ 780.2**	**$ 184.5**	**$ 164.5**	**$ 20.0**	**11%**
Federally Funded Expenditures[4]	**$ 1,207.2**	**$ 215.6**	**$ 186.7**	**$ 28.9**	**13%**

Energy Consumption and Base Revenue

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

	FY2026 Forecast	Q1 Forecast	Q1 Actuals	YTD Variance
Total Consumption (GWh)	16,022	4,356	4,670	315
Base Revenue (millions) [5]	$ 1,160	$ 308	$ 300	$ (7)

[1] Numbers in this report reflect PREB's October 24, 2025, budget amendment approval.
[2] Budget figures above include a 2% reserve for excess expenditures.
[3] Figures in all tables have been rounded.
[4] Federally funded expenditures include capital and general and administrative charges.
[5] Base revenue does not include revenue billed for fuel adjustment, purchased power, CILT, and subsidies.

Transmission & Distribution Operating Expenditures ($ million)

($ million)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor					
Salaries, Wages and Benefits	280.4	70.1	63.0	7.1	
Total Labor	**$ 280.4**	**$ 70.1**	**$ 63.0**	**$ 7.1**	**10%**
Non-Labor					
Materials & Supplies	26.0	6.5	4.1	2.4	
Transportation, Per Diem, and Mileage	11.8	3.0	3.0	-	
Property & Casualty Insurance	18.5	4.6	4.4	0.2	
Security	7.3	1.8	2.1	(0.3)	
IT Service Agreements	27.2	6.8	7.6	(0.8)	
Utilities & Rents	8.7	2.2	2.9	(0.7)	
Legal Services	8.2	2.1	2.6	(0.5)	
Communications Expenses	0.2	-	0.1	(0.1)	
Professional & Technical Outsourced Services	114.2	28.6	23.9	4.7	
Vegetation Management	74.0	12.5	14.4	(1.9)	
Other Miscellaneous Expenses	8.3	2.0	1.0	1.0	
Total Non-Labor / Other Operating Expense	**$ 304.4**	**$ 70.1**	**$ 66.1**	**$ 4.0**	**6%**
Subtotal	**$ 584.8**	**$ 140.2**	**$ 129.1**	**$ 11.1**	**8%**
2% Reserve for Excess Expenditures	11.7	2.8	-	2.8	
Total Operating Expenditures	**$ 596.5**	**$ 143.0**	**$ 129.1**	**$ 13.9**	**10%**

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)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor					
Salaries, Wages and Benefits	45.6	11.4	10.5	0.9	
Total Labor	**$ 45.6**	**$ 11.4**	**$ 10.5**	**$ 0.9**	**8%**
Non-Labor					
Materials & Supplies	-	-	-	-	
Transportation, Per Diem, and Mileage	0.4	0.1	0.1	-	
Property & Casualty Insurance	-	-	-		
Security	-	-	-	-	
IT Service Agreements	-	-	-	-	
Utilities & Rents	0.2		-	-	
Legal Services	-	-	-	-	
Communications Expenses			-	-	
Professional & Technical Outsourced Services	43.7	10.9	10.2	0.7	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	-	0.1	-	0.1	
Total Non-Labor / Other Operating Expense	**$ 44.3**	**$ 11.1**	**$ 10.3**	**$ 0.8**	**7%**
Total Operating Expense	**$ 89.9**	**$ 22.5**	**$ 20.8**	**$ 1.7**	**8%**

Key activities accomplished during Q1 FY2026:

- Completed more than 569,000 outbound calls, resulting in over 9,600 customers enrolling in payment agreements and achieving over $95 million in past due balances, thereby improving LUMA's overall collection efforts
- Executed over 4,200 service disconnections due to non-payment, issued more than 13,000 thirty-day prior disconnection notices, and sent over 15,000 overdue payment reminders to strengthen collection efforts and customer engagement
- Delivered over 7,100 hours of training to frontline and support staff and completed First Contact Resolution (FCR) training for Contact Center agents, allowing them to resolve billing-related inquiries during the initial call. This initiative is expected to reduce case referrals, lower follow-up call volume, and improve overall customer satisfaction
- Served 535,041 customers in our regional Customer Experience offices with an average wait time of eight minutes, supporting service orders, and offering personalized guidance
- Launched proactive planned outage notifications across interactive voice response, website, and mobile app channels, informing customers 24 to 48 hours in advance of scheduled service interruptions. The system also prevents outage reports from customers already identified in a planned outage area, reducing unnecessary ticket creation and improving Contact Center efficiency

- Activated more than 12,452 new net metering participants and processed 15,730 system applications, contributing over 117 MW of additional residential solar capacity

The electric system's liquidity constraints primarily drove the $1.7 million variance in Customer Experience's operating expenditure. As a result, salaries, wages, and benefits remained below budget due to staffing levels falling short of budgeted expectations, with open positions not being backfilled and lower overtime usage. Additionally, professional and technical outsourced services came in under budget, as certain milestones related to initiatives, such as the voice response system enhancements, website redesign, and customer care and billing optimization, have been deferred to later periods.

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)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor					
Salaries, Wages and Benefits	141.9	35.5	35.4	0.1	
Total Labor	**$ 141.9**	**$ 35.5**	**$ 35.4**	**$ 0.1**	**0%**
Non-Labor					
Materials & Supplies	12.9	3.2	3.8	(0.6)	
Transportation, Per Diem, and Mileage	6.8	1.7	2.1	(0.4)	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	-	-	-	-	
Utilities & Rents	1.2	0.3	0.2	0.1	
Legal Services	-	-	-	-	
Communications Expenses	0.1		0.1	(0.1)	
Professional & Technical Outsourced Services	17.5	4.4	4.8	(0.6)	
Vegetation Management	74.0	12.5	14.4	(1.7)	
Other Miscellaneous Expense	0.5	0.1	(0.1)	0.2	
Total Non-Labor / Other Operating Expense	**$ 113.0**	**$ 22.2**	**$ 25.3**	**$ (3.1)**	**(14%)**
Total Operating Expense	**$ 254.9**	**$ 57.7**	**$ 60.7**	**$ (3.0)**	**(5%)**

Key activities accomplished during Q1 FY2026:

- Replaced thirty-two 38 kV and two 115 kV structures to enhance service reliability and maintain system integrity
- Managed vegetation across 565 rights-of-way miles, including trimming 318 miles of distribution and 247 miles of transmission lines, and starting the eighth round of substation herbicide treatments
- Upgraded insulated hardware on four hundred seventy-two 38 kV line structures, sixty-eight 115 kV structures, and six 230 kV structures
- Replaced switches of twenty-seven 38 kV, six 115 kV, and one 230 kV transmission lines
- Completed 150 metering system inspections for 38 kV accounts to verify meter programming, accuracy, and wiring; additionally, recycled and reinstated 2,306 meters into inventory
- Performed 615 preventive maintenance tasks—including thermography inspections, battery bank checks, breaker testing, and transformer inspections—and completed 80 corrective maintenance tasks such as replacing internal chambers, repairing bus supports, fixing oil leaks, and servicing switches and breakers

Greater-than-anticipated allocation of professional and technical outsourced services and materials to operations, maintenance, and restoration activities drove the $3.0 million variance in Operations' operating expenditures. Transportation, per diem, and mileage expenses were also higher than budgeted, as vehicle usage expenses are now recorded by each operational department under the time-keeping recording enhancements system, rather than by the Support Services Department, where they were initially budgeted. Additionally, Vegetation Management expenses exceeded the

budget, primarily due to the costs of vegetation trimming and maintenance activities earlier in the quarter.

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 September 30, 2025[8]
Utility electrician	108
Apprentice underground technician	19
Underground Technician	5
Apprentice substation technician[7]	48
Substation technician[6]	58
Senior substation technician[6]	22
Meter technicians	27
Low-voltage technician	113
Foreman[6]	87
Foreman - low voltage	34
Apprentice lineworker, 1st period	0
Apprentice lineworker, 2nd period	21
Apprentice lineworker, 3rd period	15
Apprentice lineworker, 4th period[7]	19
Apprentice lineworker, 5th period[7]	31
Apprentice lineworker, 6th period[7]	34
Apprentice lineworker, 7th period[7]	84
Journeyman lineworker[6]	356
Total	**1,081**

The FY2026 budget includes 1,651 full-time electrical utility field workers. As of September 30, 2025, the roster included 1,081 electric field workers. LUMA remains focused on consistently monitoring workforce metrics to ensure turnover remains within acceptable limits. We are also enhancing strategies to attract and retain top talent. To support this effort, LUMA will need to continue hiring, training, and developing electrical utility field workers to meet the needs of the transmission and distribution system. For Q1, we added nine journeyman lineworkers to our workforce through the apprenticeship program. Notwithstanding, we are currently facing liquidity constraints that have affected recruitment across all areas. We will enhance our recruitment efforts with targeted

[6] These electrical utility field workers are qualified to work on energized lines.
[7] 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.
[8] The figures reflect the full-time employees and exclude groundpeople, operators, and laborers who support electrical utility field workers.

campaigns and our hiring platform to attract and hire qualified candidates who can contribute immediately once our financial situation improves.

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)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor					
Salaries, Wages and Benefits	22.8	5.7	1.9	3.8	
Total Labor	**$ 22.8**	**$ 5.7**	**$ 1.9**	**$ 3.8**	**67%**
Non-Labor					
Materials & Supplies	2.1	0.5	0.4	0.1	
Transportation, Per Diem, and Mileage	3.8	0.9	0.2	0.7	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	-	-	-	-	
Utilities & Rents	0.8	0.2	0.2	-	
Legal Services	1.0	0.3	0.3	-	
Communications Expenses				-	
Professional & Technical Outsourced Services	7.3	1.8	0.1	1.7	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	0.1	0.1	0.6	(0.5)	
Total Non-Labor / Other Operating Expense	**$ 15.1**	**$ 3.8**	**$ 1.8**	**$ 2.0**	**53%**
Total Operating Expense	**$ 37.9**	**$ 9.5**	**$ 3.7**	**$ 5.8**	**61%**

Key activities accomplished during Q1 FY2026:

- Worked on the development of economic lifecycle risk models that assess the probability and impact of asset failures to provide a structured, data-driven framework to evaluate asset performance, investment decisions, and long-term system resilience
- Conducted training sessions and technical workshops on key GIS tools, including Survey123 for developing and updating forms used in the vegetation and streetlight projects; Field Maps and Web Apps for configuring and maintaining interactive maps to support field data collection and visualization; and FME for establishing data connections, transforming geospatial datasets, and exporting information for analysis and reporting
- Conducted multiple training sessions on IKE Pole Foreman, a pole load analysis software widely used by major electric utilities and telecommunications companies. The tool enables efficient and accurate field data collection, supports proper pole design through detailed capacity analysis, ensures compliance with safety and engineering standards, and helps reduce operational costs and time. These sessions included two dedicated presentations delivered to all telecommunications companies, outlining the upcoming distribution rebuild projects.
- Processed 14 third-party attachment (TPA) applications requesting to attach telecommunication cables to 1,012 LUMA's poles and collected application fees totaling $4,845

The electric system's liquidity constraints primarily drove the $5.8 million variance in Utility Transformation's operating expenditure. As a result, salaries, wages, and benefits remained below budget because staffing levels fell short of budgeted expectations, and payroll tax-related costs were

lower than anticipated. Despite these constraints, the department effectively prioritized capital work, optimizing labor deployment to support emergent work and critical infrastructure needs within available resources. Lower-than-budgeted professional and technical outsourced services also affected the variance, primarily due to deferred outsourced services and a lower number of third-party pole attachment applications received during the first quarter.

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)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor					
Salaries, Wages and Benefits	70.1	17.5	15.2	2.3	
Total Labor	**$ 70.1**	**$ 17.5**	**$ 15.2**	**$ 2.3**	**13%**
Non-Labor					
Materials & Supplies	11.0	2.8	(0.1)	2.9	
Transportation, Per Diem, and Mileage	0.8	0.3	0.6	(0.3)	
Property & Casualty Insurance	18.5	4.6	4.4	0.2	
Security	7.3	1.8	2.1	(0.3)	
IT Service Agreements	27.2	6.8	7.6	(0.8)	
Utilities & Rents	6.5	1.7	2.5	(0.8)	
Legal Services	7.2	1.8	2.3	(0.5)	
Communications Expenses	0.1	-	-	-	
Professional & Technical Outsourced Services	45.7	11.5	8.8	2.7	
Vegetation Management	-	-	-	-	
Other Miscellaneous Expenses	7.7	1.7	0.5	1.2	
Total Non-Labor / Other Operating Expense	**$ 132.0**	**$ 33.0**	**$ 28.7**	**$ 4.3**	**13%**
Total Operating Expense	**$ 202.1**	**$ 50.5**	**$ 43.9**	**$ 6.6**	**13%**

Key activities accomplished during Q1 FY2026:

- Submitted the first petition to update permanent rates in Puerto Rico since 2017. As part of this regulatory process, LUMA responded to more than 490 information requests from the Puerto Rico Energy Bureau (PREB) and intervening parties.
- Completed the installation of closed-circuit television systems at Isla Grande and Covadonga GIS, and integrated the ILocks and ProWatch software to enable real-time monitoring of padlock access to the substations
- Conducted 558 field safety observations across operational areas; these efforts led to 98 safety findings for the development and implementation of 85 corrective action plans, ensuring alignment with regulatory standards
- Delivered seven safety talks reaching 171 participants across three communities, two municipalities, and two private companies
- Offered 5,770 hours of health, safety, and technical training to 1,530 employees on topics including first aid and cardiopulmonary resuscitation, job hazard analysis, bucket truck rescue, live line work, bee safety, and fire extinguisher use

Reduced expenses for materials, professional services, and labor primarily drove the $6.6 million variance in Support Services operating expenditures. The reduction was due to the continued rollout of the time recording enhancement system, which shifted vehicle usage costs directly to projects and operating departments that incurred them.

FY2026 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[9] 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 year-to-date spending variance explanation, and does not expect any variance in achieving program milestones unless otherwise noted.

Improvement Portfolio Summary ($ million)

($ million)

Portfolio	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Customer Experience	379.8	66.7	88.8	(22.2)	(33%)
Distribution	302.5	63.4	43.9	19.5	31%
Transmission	123.2	20.8	11.9	8.9	43%
Substation	147.9	31.8	31.5	0.3	1%
Control Center & Buildings	34.0	8.7	3.5	5.2	60%
Enabling	411.6	64.1	52.5	11.6	18%
Support Services	31.4	8.6	1.1	7.6	88%
Priority Stabilization Plan	45.6	10.0	7.5	2.5	25%
Total	**$ 1,475.8**	**$ 274.1**	**$ 240.7**	**$ 33.5**	**12%**

[9] 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 the implementation of federally funded capital investments is available on the Energy Bureau's website.

Capital Expenditure by Funding

Transmission & Distribution Capital Expenditures – Federally Funded

($ million)

Improvement Portfolio	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Customer Experience	351.6	59.6	82.8	(23.2)	
Distribution	273.9	56.2	35.9	20.4	
Transmission	113.8	18.5	4.1	14.4	
Substations	119.0	24.5	26.5	(1.9)	
Control Center & Buildings	28.9	7.4	3.3	4.2	
Enabling	278.6	39.8	34.2	5.6	
Support Services	17.7	5.2	0.0	5.2	
Priority Stabilization Plan	-	-	-	-	
Subtotal	**$ 1,183.5**	**$ 211.4**	**$ 186.7**	**$ 24.7**	**12%**
Other					
2% Reserve for Excess Expenditures	23.7	4.2	-	4.2	
Total Capital Expenditures	**$ 1,207.2**	**$ 215.6**	**$ 186.7**	**$ 28.9**	**13%**

Transmission & Distribution Capital Expenditures – Non-Federally Funded –

($ million)

Improvement Portfolio	FY2026 Budget[3]	Q1 Budget[3,14]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Customer Experience	21.4	5.4	5.8	(0.4)	
Distribution	28.6	7.2	8.0	(0.9)	
Transmission	9.4	2.3	7.9	(5.5)	
Substations	28.5	7.1	5.0	2.1	
Control Center & Buildings	3.6	0.9	0.1	0.8	
Enabling	32.5	5.2	0.7	4.5	
Support Services	10.5	2.6	0.4	2.2	
Priority Stabilization Plan	45.6	10.0	7.5	2.5	
Subtotal	**$ 180.1**	**$ 40.7**	**$ 35.4**	**$ 5.3**	**13%**
Other					
2% Reserve for Excess Expenditures	3.6	0.8	-	0.8	
Total Capital Expenditures	**$ 183.7**	**$ 41.5**	**$ 35.4**	**$ 6.1**	**15%**

Customer Experience Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Distribution Streetlighting	**$ 203.6**	**$ 34.8**	**$ 35.9**	**$ (1.1)**	
Federally Funded	203.6	34.8	35.9		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	81.4	13.9	-		
AMI Implementation Program	**$ 148.0**	**$ 24.8**	**$ 46.9**	**$ (22.0)**	
Federally Funded	148.0	24.8	46.9		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	-	-	-		
Programs <5% of Portfolio Total	**$ 28.3**	**$ 7.1**	**$ 6.0**	**$ 1.0**	
Federally Funded	-	-	-		
Non-Federally Funded	21.4	5.4	5.8		
OpEx	6.8	1.7	0.2		
SRP	1.3	0.3	-		
Total	**$ 379.8**	**$ 66.7**	**$ 88.8**	**$ (22.2)**	**(33%)**

The **Distribution Streetlighting** program focuses on upgrading and replacing hazardous or outdated distribution streetlights, prioritizing those that are most critical to the network. It includes installing new LED lights, updating GIS data for streetlight assets, and auditing billing records for approximately 500,000 streetlights. Under this program, LUMA has performed a physical audit of the streetlights, assigning each a unique identifier. It leverages that information to update the Customer Care & Billing (CC&B) system, ensuring accurate billing. The program also includes communicating with customers about streetlight corrections. Key Q1 FY2026 activities included the repair of over 4,400 streetlights and the replacement of more than 4,100 utility poles across the municipalities of Adjuntas, Aguadilla, Añasco, Bayamón, Caguas, Ceiba, Cidra, Coamo, Comerío, Corozal, Dorado, Florida, Guaynabo, Gurabo, Hatillo, Jayuya, Las Piedras, Manatí, Maunabo, Morovis, Naguabo, Naranjito, Ponce, Salinas, San Germán, Toa Baja, and Vega Alta. Year-to-date spending was higher than expected due to additional efforts to repair streetlights and replace poles that were not initially included in the budget.

The **Advanced Metering Infrastructure Implementation** program establishes two-way communication capabilities that enable remote meter reading, real-time alerts and analytics, and advanced reporting and control functions. The program delivers a broad range of functionalities that enhance system reliability and resiliency, generate potential cost savings for both the utility and its customers, and improve customer satisfaction by supporting clean energy integration and enabling more accurate billing. Features such as granular consumption data, bi-directional metering, outage notifications, power quality monitoring, and remote connect/disconnect capabilities enable these benefits. 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 Q1

FY2026 activities included continued meter assessment and validation of meter-to-transformer relationships. A total of 39,000 meter exchanges were completed, along with the installation of 78 network devices. A seven-month system integration effort was finalized, incorporating the work order management system into customer care and billing system and enabling the automatic upload of AMI meter reads to the platform. Distribution intelligence applications were deployed on field meters, which initiated data analysis. Additionally, training sessions were conducted with our meter and technology provider to enhance understanding of the distribution intelligence application functionality and operational use. Year-to-date spending was higher than expected due to the installation of more meters than initially budgeted and the procurement of multiple complementary systems aimed at enhancing meter communication, streamlining maintenance processes, and improving data flow, resulting in more accurate information and enhanced customer support.

Distribution Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Distribution Line Rebuild	**$ 116.8**	**$ 26.6**	**$ 8.2**	**$ 18.4**	
Federally Funded	111.1	25.2	7.0		
Non-Federally Funded	5.7	1.4	1.3		
OpEx	-	-	-		
SRP	97.4	20.9	-		
Grid Automation	**$ 96.0**	**$ 17.2**	**$ 4.7**	**$ 12.5**	
Federally Funded	90.0	15.7	2.8		
Non-Federally Funded	6.0	1.5	1.8		
OpEx	-	-	-		
SRP	-	-	-		
Distribution Pole & Conductor Repair	**$ 78.1**	**$ 17.1**	**$ 31.0**	**$ (14.0)**	
Federally Funded	61.2	12.8	26.0		
Non-Federally Funded	16.9	4.2	5.0		
OpEx	-	-	-		
SRP	40.1	9.0	-		
Programs <5% of Portfolio Total	**$ 11.6**	**$ 2.5**	**$ 0.0**	**$ 2.5**	
Federally Funded	11.6	2.5	0.0		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	5.6	1.2	-		
Total	**$ 302.5**	**$ 63.4**	**$ 43.9**	**$ 19.5**	**31%**

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 Q1 FY2026 activities included receiving obligations for five feeder rebuild projects, which are nearing completion of the architecture and engineering design and are planned to commence construction this fiscal year, pending the execution of construction resource contracts. Year-to-date spending was lower than expected due to delays in the timeline of funds obligation and the inactivation of FEMA FAASt numbers in the FEMA Grants Portal[10]. As a result, architecture and engineering work was paused pending resolution of prioritization and the reactivation of FEMA's FAASt numbers. This situation will affect the execution plans and budgets for FY2026.

[10] The FAASt Consolidated Project Plan List, submitted by PREPA to FEMA and COR3 on July 31, 2025, in response to FEMA's June 3, 2025, request, centralizes project submissions for the remaining FAASt funding, which FEMA identified as having an unallocated balance of $3.62 billion.

The **Grid Automation** program primarily focuses on deploying equipment to enhance and modernize distribution and transmission automation. It includes installing automated switchgear on both distribution and transmission feeders, as well as deploying communicating fault sensors on distribution feeders to improve overall system reliability. In the long term, the program aims to address power quality issues, load balancing, volt-ampere reactive optimization, and conservation voltage, ultimately minimizing power delivery costs for consumers and enhancing overall customer satisfaction. Key Q1 FY2026 activities included installing 93 circuit fault indicators, 48 fuse cut-outs, and conducting 296 fuse optimizations. Additional activities include the launch of the communication radio kit deployment, supported by a newly developed implementation process. The team successfully enabled visibility for five reclosers, positively affecting the first feeder under the obligated projects portfolio. Although FEMA granted new obligations for FY2026 projects late in the quarter, planning efforts commenced promptly, and we implemented internal process improvements to mitigate execution risks. The deployment of communicating faulted circuit indicator devices on previously obligated projects experienced delays due to procurement challenges. As a result, we adjusted the project timelines to reflect updated execution schedules, with key construction activities now expected to ramp up in the following quarter. Year-to-date spending was lower than expected due to delays in the obligation of funds, which have postponed the start of construction activities.

The **Distribution Pole and Conductor Repair** program focuses on mitigating safety hazards associated with distribution poles, equipment, and conductors that require repair or replacement. Major repairs and replacements are guided by a comprehensive assessment of the distribution system and engineering analyses, which prioritize actions based on pole criticality and emergent repair needs. Following this process, high-priority poles and associated safety hazards are addressed, including the replacement of damaged equipment, conductors, and hardware. Key Q1 FY2026 activities included installing more than 970 poles and receiving obligations for four projects covering over 1,400 poles. Year-to-date spending was higher than expected due to the replacement of several poles ahead of schedule, as they posed a safety hazard.

Transmission Improvement Portfolio Summary ($ million)

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

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Transmission Line Rebuild	**$ 67.7**	**$ 8.0**	**$ 3.9**	**$ 4.1**	
Federally Funded	66.7	7.8	1.4		
Non-Federally Funded	0.9	0.2	2.5		
OpEx	-	-	-		
SRP	66.7	7.8	-		
Transmission Priority Pole Replacements	**$ 28.3**	**$ 8.0**	**$ 5.4**	**$ 2.5**	
Federally Funded	21.3	6.2	0.9		
Non-Federally Funded	7.0	1.8	4.5		
OpEx	-	-	-		
SRP	21.3	6.2	-		
OT Telecom Systems & Network	**$ 24.3**	**$ 4.1**	**$ 2.6**	**$ 1.5**	
Federally Funded	22.9	3.8	1.7		
Non-Federally Funded	1.4	0.4	0.9		
OpEx	-	-	-		
SRP	22.9	3.8	-		
Programs <5% of Portfolio Total	**$ 2.9**	**$ 0.7**	**$ (0.0)**	**$ 0.7**	
Federally Funded	2.9	0.7	(0.0)		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	-	-	-		
Total	**$ 123.2**	**$ 20.8**	**$ 11.9**	**$ 8.9**	**43%**

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading the 230 kV, 115 kV, and 38 kV transmission infrastructure. Key activities in Q1 FY2026 included replacing 34 poles, nine switches, and 546 pieces of hardware and insulation, as well as repairing 25 switches. Year-to-date spending was lower than expected due to timing delays in FEMA obligations and the inactivation of FEMA FAASt numbers in the FEMA Grants Portal. As a result, architecture and engineering work has been paused pending resolution of project prioritization and the reactivation of FAASt numbers by FEMA. This situation will affect the execution plans and budgets for FY2026.

The **Transmission Priority Pole Replacement** program includes replacing damaged overhead transmission poles, towers, and associated hardware and conductors. Key Q1 FY2026 activities included repairing 54 hot spots, replacing nine poles, and replacing nine switches. Year-to-date spending was lower than expected due to delays in the obligation of funds, which have postponed the start of planned construction activities. However, this has been partially offset by Non-Federally Funded Capital emergent work executed on critical transmission lines, which required immediate attention and resource allocation.

The **OT Telecom Systems & Network** program supports investments to modernize telecommunications infrastructure to enhance data transport, emergency communications, and centralized control across transmission, distribution, and substations. Key activities in Q1 FY2026 included initiating the detailed scope-of-work development for Transport Network Group 2, which

encompasses 57 sites; completing 30% of the architecture and engineering designs; and initiating 60% of the architecture and engineering designs for Cerro Punta and Group B, which encompasses five sites. Additional efforts included launching the open bid process for the Microwave project, optimizing the fiber networking ring for the Megaplex, completing SCADA and renewable energy testing over the network, and installing 13 media converters to support service migration under the Internet Protocol Control Network project. Year-to-date spending was lower than expected due to delays in signing the master services agreement, which postponed the planned initial project activities.

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, Substation Reliability, and Substation Physical Security programs.

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Substation Rebuilds	**$ 92.8**	**$ 17.6**	**$ 19.7**	**$ (2.1)**	
Federally Funded	89.0	16.7	19.7		
Non-Federally Funded	3.8	1.0	(0.0)		
OpEx	-	-	-		
SRP	46.7	8.2	-		
Substation Reliability	**$ 50.3**	**$ 12.9**	**$ 9.9**	**$ 3.0**	
Federally Funded	25.8	6.8	4.9		
Non-Federally Funded	24.5	6.1	5.0		
OpEx	-	-	0.0		
SRP	-	-	-		
Programs <5% of Portfolio Total	**$ 4.7**	**$ 1.3**	**$ 1.9**	**$ (0.6)**	
Federally Funded	4.1	1.1	1.8		
Non-Federally Funded	0.2	0.0	0.0		
OpEx	0.4	0.1	-		
SRP	4.1	1.1	-		
Total	**$ 147.9**	**$ 31.8**	**$ 31.5**	**$ 0.3**	**1%**

The **Substation Rebuilds** program focuses on upgrading transmission and distribution substations to enhance the reliability of the electric grid. Key Q1 FY2026 activities included continued progress at the Rio Grande, Cataño, and Costa Sur substations. At Rio Grande, major construction milestones were achieved, including site regrading, installation of a new transformer containment foundation with blast wall, reconditioning of 8kV switchgear, and upgrades to the protection system. In Cataño, the transformer pad and GIS building were installed on elevated structures to mitigate flood risks, with feeder and protection system cutovers underway. At Costa Sur, we completed six out of thirteen breaker replacements. Architecture and engineering design work also progressed for other priority projects. Year-to-date spending was higher than anticipated due to the additional construction activities supporting the re-energization of transformers.

The **Substation Reliability** program focuses on upgrading and reinforcing aging infrastructure to enhance system reliability. Key Q1 FY2026 activities included completing 14 substation assessments, addressing eight measurement data gaps, developing seven issues for construction packages to improve system visibility and control at substations lacking real-time monitoring capabilities, conducting one functional visual test, and executing one civil project. Other key activities included awarding a detailed scope of work, replacing nine distribution relays and seven transmission line relays, replacing three under-frequency load-shedding devices, three load tap changers, one power transformer, one remote terminal unit, and four transmission circuit breakers. Year-to-date spending was lower than anticipated due to the redirection of construction resources to support emergent work and Priority Stabilization Plan activities.

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 the Facilities Development & Implementation, the Critical Energy Management System Upgrades, and the Control Center Construction & Refurbishment programs.

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Facilities Development & Implementation	**$ 15.0**	**$ 3.7**	**$ 0.2**	**$ 3.6**	
Federally Funded	11.0	2.8	0.0		
Non-Federally Funded	3.0	0.8	0.1		
OpEx	1.0	0.2	0.1		
SRP	14.5	3.6	-		
Critical Energy Management System Upgrades	**$ 12.6**	**$ 3.9**	**$ 2.6**	**$ 1.3**	
Federally Funded	12.2	3.8	2.6		
Non-Federally Funded	-	-	0.0		
OpEx	0.5	0.1	-		
SRP	8.9	3.8	-		
Control Center Construction & Refurbishment	**$ 5.7**	**$ 0.9**	**$ 0.7**	**$ 0.2**	
Federally Funded	5.7	0.9	0.7		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	4.6	0.7	-		
Programs <5% of Portfolio Total	**$ 0.6**	**$ 0.2**	**$ 0.0**	**$ 0.2**	
Federally Funded	0.0	0.0	-		
Non-Federally Funded	0.6	0.1	0.0		
OpEx	-	-	-		
SRP	-	-	-		
Total	**$ 34.0**	**$ 8.7**	**$ 3.5**	**$ 5.2**	**60%**

The **Facilities Development & Implementation** program focuses on construction and remediation efforts for facilities and real property. Key Q1 FY2026 activities included installing the emergency power connection to service dispatch and the Monacillo building air handling unit in case of an outage, and starting several projects through the procurement process for roof repairs and air handling units for the Monacillo building complex. Year-to-date spending was lower than expected due to the ongoing liquidity constraints of the electric system. In response, LUMA has prioritized critical grid operations and emergency response activities over non-essential capital and improvement initiatives. Additionally, the FEMA FAASt numbers associated with this program have been inactivated in the FEMA Grants Portal. Consequently, architecture and engineering work has been paused pending the resolution of prioritization and the reactivation of FEMA's FAASt numbers. This situation will affect the execution plans and budgets for FY2026.

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 Q1 FY2026 activities included ongoing database configuration updates; continued point-to-point testing of remote terminal units (RTUs); and site integration of the primary and secondary Energy Management System equipment at both Monacillo and Santurce facilities. Year-to-date spending was lower than expected due to delays in the obligation of funds, which have postponed the start of system upgrade activities.

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 Q1 FY2026 activities included continued progress on facility modifications at Guaynabo to accommodate the relocation of operations teams and clear space for the Primary Control Center. The Section 106 consultation process with the State Historic Preservation Office for the FEMA-led Tiered Environmental Assessment remains ongoing, with PREPA actively challenging the preliminary determination of a potential historic district designation at the Monacillo campus through formal correspondence. 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 ($ million)

The **Enabling Improvement Portfolio** of investment projects focuses on safety and operational excellence through initiatives such as Vegetation Management, T&D Fleet, Compliance and Studies, and Materials Management programs.

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Vegetation Management and Capital Clearing Implementation	**$ 232.2**	**$ 36.8**	**$ 26.4**	**$ 10.4**	
Federally Funded	158.2	24.3	12.1		
Non-Federally Funded	-	-	-		
OpEx	74.0	12.5	14.4		
SRP	181.9	28.3	-		
Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integration	**$ 70.0**	**$ 4.3**	**$ 1.4**	**$ 2.9**	
Federally Funded	70.0	4.3	1.4		
Non-Federally Funded	-	-	-		
OpEx	-	-	-		
SRP	-	-	-	-	
Compliance & Studies	**$ 44.7**	**$ 8.2**	**$ 8.3**	**$ (0.1)**	
Federally Funded	28.3	7.1	7.5		
Non-Federally Funded	16.4	1.2	0.8		
OpEx	-	-	-		
SRP	20.1	5.0	-		
T&D Fleet	**$ 33.2**	**$ 8.3**	**$ 5.6**	**$ 2.7**	
Federally Funded	-	-	-		
Non-Federally Funded	9.2	2.3	2.4		
OpEx	24.0	6.0	3.2		
SRP	30.8	7.7	-		
Asset Data Integrity	**$ 25.2**	**$ 4.9**	**$ 0.5**	**$ 4.3**	
Federally Funded	21.8	4.0	-		
Non-Federally Funded	3.4	0.8	0.5		
OpEx	-	-	-		
SRP	24.1	4.6	-	-	
Programs <5% of Portfolio Total[11]	**$ 6.4**	**$ 1.6**	**$ 10.2**	**$ (8.6)**	
Federally Funded	0.3	0.1	13.2		
Non-Federally Funded	3.6	0.9	(3.1)		
OpEx	2.5	0.6	0.1		
SRP	3.5	0.9	-		
Total	**$ 411.6**	**$ 64.1**	**$ 52.5**	**$ 11.6**	**18%**

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 Q1 FY2026 activities included completing the assessment, trimming, and removing 318 miles of vegetation from distribution and 247 miles from transmission lines. As part of the vegetation safety and reliability initiative, the team assessed and cleared 141 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, which have postponed the start of vegetation clearing activities.

[11] The net credit within the programs with less than 5% of the total Enabling Portfolio is primarily due to the Emergency Response Preparedness Program, with expenditures previously classified as NFC. Then, this program was reclassified as O&M, since the WebEOC system implementation and integration costs are operational in nature.

LUMA Quarterly Vegetation Management by Voltage Level

Voltage	FY2026 Q1 Miles			FY2026 Q1 Acres[12]		
	Federally Funded Clearing[13]	OpEx Maintenance	Total Miles	Federally Funded Clearing[13]	OpEx Maintenance	Total Acres
Distribution	141	318	459	171	386	557
38 kV	0	36	36	0	109	109
115 kV	0	133	133	0	1607	1607
230 kV	0	78	78	0	950	950
Total	**141**	**565**	**706**	**171**	**3053**	**3224**

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 Q1 FY2026 activities included progressing the architecture and design of the Vieques and Culebra Microgrid and Feeders. The 25 MW BESS projects are on hold pending alignment on scope and cost with PREPA and FEMA. LUMA received a request for information related to the 426 allocations for the 25 MW BESS and submitted a response to FEMA and PREPA in the first quarter. Year-to-date spending was lower than expected due to delays in the obligation of funds. Additionally, the FEMA FAASt numbers associated with this program have been inactivated in the FEMA Grants Portal. Consequently, architecture and engineering work has been paused pending the resolution of prioritization and the reactivation of FEMA's FAASt numbers. This situation will affect the execution plans and budgets for FY2026.

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 Q1 FY2026 activities included completion of the distribution area planning initiative, covering 71 areas island-wide, accounting for over 1,100 distribution circuits and 340 substation transformers. Additionally, we progressed the development of standards, wide-area-protection, and transmission planning activities in support of the Integrated Resource Plan filed with PREB in October. Year-to-date spending was lower than expected due to the ongoing liquidity constraints of the electric system. In response, LUMA has prioritized critical grid operations and emergency response activities over non-essential capital and improvement initiatives.

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 Q1 FY2026 activities included completing eight Department of Transportation inspections and four American National Standards Institute vehicle compliance inspections while also providing targeted training on CPR Training to eight mechanics, Fire Extinguisher Use and Handling Training to seven mechanics, Underground Storage Tank

[12] To calculate acres from miles, the miles are converted to feet by multiplying by 5,280. Then the width of the right of way is assumed for each voltage level (distribution = 10', 38 kV = 25', and 115 & 230 kV = 100'). The miles (in feet) are multiplied by the ROW width (in feet) to determine the square feet completed. Finally, the square feet are converted to acres by dividing by 43,560 sq feet per acre.

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

Training to one mechanic, and Commercial Operator License Training to three mechanics. Year-to-date spending was lower than expected, primarily due to an increase in in-house maintenance and repair work, driven by the energy system's cash constraints.

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 Q1 FY2026 activities included configuring the telecom asset hierarchy, initiating user acceptance testing, and developing analytics for asset information. Year-to-date spending was lower than expected due to delays in the obligation of funds, which have postponed the start of 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, Critical Financial Systems IT/OT Enablement, Land Records Management, Critical Financial Controls, and Updates to Third-Party Use, Audit, Contract, and Billing Procedures.

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
IT OT Asset Management	**$ 23.5**	**$ 6.8**	**$ 0.4**	**$ 6.4**	
Federally Funded	17.4	5.2	0.0		
Non-Federally Funded	6.1	1.5	0.4		
OpEx	-	-	0.0		
SRP	18.7	5.0	-		
IT OT Enablement Program	**$ 1.9**	**$ 0.5**	**$ 0.0**	**$ 0.5**	
Federally Funded	-	-	-		
Non-Federally Funded	1.9	0.5	0.0		
OpEx	-	-	-		
SRP	-	-	-		
Critical Financial Systems	**$ 2.0**	**$ 0.5**	**$ 0.0**	**$ 0.5**	
Federally Funded	-	-	-		
Non-Federally Funded	1.8	0.5	0.0		
OpEx	0.2	0.0	-		
SRP	0.2	0.1	-		
Critical Financial Controls	**$ 1.6**	**$ 0.4**	**$ 0.3**	**$ 0.1**	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	1.6	0.4	0.3		
SRP	1.6	0.4	-		
Update to Third Party Use, Audit, Contract and Billing Procedures	**$ -**	**$ -**	**$ 0.3**	**$ (0.3)**	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	-	-	0.3		
SRP	-	-	-		
Programs <5% of Portfolio Total	**$ 2.4**	**$ 0.5**	**$ 0.0**	**$ 0.5**	
Federally Funded	0.3	-	-		
Non-Federally Funded	0.7	0.2	(0.0)		
OpEx	1.4	0.3	0.0		
SRP	1.1	0.2	-		
Total	**$ 31.4**	**$ 8.6**	**$ 1.1**	**$ 7.6**	**88%**

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 Q1 FY2026 activities included initial integration work delivered by the Workforce Management team with WebEOC, Crisis Track, and Service Suite platforms. Year-to-date spending was lower than expected due to the inactivation of FEMA FAASt numbers in the FEMA Grants Portal. As a result, architecture and engineering work has been paused pending resolution of project prioritization and the reactivation of FAASt numbers by FEMA. This situation will affect the execution plans and budgets for FY2026.

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 Q1 FY2026 activities were limited, as no major implementation activities were achieved during the quarter. Year-to-date spending was lower than expected due to the ongoing liquidity constraints of the electric system. In response, LUMA has prioritized critical grid operations and emergency response activities over non-essential capital and improvement portfolio expenditures.

The **Critical Financial Systems** program covers technology projects in financial management, risk management, and supply chain management. Key Q1 FY2026 activities were limited, as no major implementation activities were achieved during the quarter. Year-to-date spending was lower than expected due to the ongoing liquidity constraints of the electric system. In response, LUMA has prioritized critical grid operations and emergency response activities over non-essential capital and improvement portfolio expenditures.

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 Q1 FY2026 activities included the development and enforcement of policies and procedures aligned with applicable laws and industry standards, as well as ongoing monitoring of ethics compliance and follow-up on any identified deviations. These efforts are part of a broader initiative aimed at strengthening governance and accountability throughout the organization. Year-to-date spending was lower than expected due to the ongoing liquidity constraints of the electric system. In response, LUMA has prioritized critical grid operations and emergency response activities over non-essential capital and improvement portfolio expenditures.

The **Update to Third-Party Use, Audit, Contract, and Billing Procedures** program focuses on updating procedures for the third-party use of land and infrastructure, as well as audits, contracts, and billing. Key activities in Q1 FY2026 included launching an inventory pilot program in coordination with telecommunication companies to initiate the migration of legacy inventory into the Alden System; issuing a total of 4,148 notifications to ensure the proper transfer of telecommunication cables to newly replaced utility poles; conducting multiple training sessions on the Pole Foreman software, including two dedicated presentations delivered to all telecommunication companies outlining the upcoming distribution rebuild projects; and supporting and evaluating 14 applications for a total of 1,012 poles. Additionally, the team supported and evaluated 14 pole attachment applications. Year-to-date spending was higher than expected due to coordination efforts with telecommunications companies regarding upcoming distribution system rebuilds.

Third-Party Attachment additional requirements

Fiscal Year	Status	Attachments	Billed[14]	Q1 Collect	Inception to date collected[15]
FY2025	Current	456,893	$3,768,624	$588,329	
FY2024	Past Due	456,792	$3,887,923	$708,264	(230,027)
FY2023	Past Due	452,657	$3,846,440	$701,181	(115,869)
FY2022	Past Due	429,438	$3,663,477	$690,555	$ (79,006.60)
	Totals		**$15,166,464.00**	**$2,688,329**	**$ (424,902.60)**

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 presented a new pole attachment rate to telecommunication carriers and the Telecommunications Bureau, calculated in accordance with Regulation 9090 and the Federal Communications Commission formula. The new rate, currently under negotiation with existing carriers, may result in adjustments to invoices for Fiscal Years 2022 through 2025, based on updated attachment counts. Consequently, total collections may ultimately be higher or lower than the amounts currently reported for this quarter. LUMA has not yet issued rental fee invoices for FY2025 due to the pending rate agreement, but will issue invoices once it finishes negotiating the rate. Additionally, LUMA has settled with one of the carriers regarding overdue invoices, which the carrier has now paid in full

Challenges in implementing the TPA management program:

- LUMA has actively pursued the development of a Third-Party Attachment agreement with telecommunications providers over the past two years.
- Despite these efforts, no agreement has been finalized to date.
- Telecommunications providers remain non-compliant with Puerto Rico Regulation 9090, which requires:
  - Participation in construction projects, and
  - Timely transfer of third-party attachments to newly installed infrastructure.
- This non-compliance:
  - Hinders LUMA's ability to initiate the reimbursement requisition process, and
  - Delays the completion of critical infrastructure projects.
- Telecommunications companies have not provided an accurate and comprehensive inventory of their infrastructure attachments, further complicating coordination and planning.

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

[14] LUMA has established an annual billing cycle for the rental fee.
[15] Inception to date is not inclusive of current quarter collections.

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

Priority Stabilization Plan Portfolio Summary ($ million)

($ million)

Program	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Priority Stabilization Plan	**$ 45.6**	**$ 10.0**	**$ 7.5**	**$ 2.5**	
Federally Funded	-	-	-	-	
Non-Federally Funded	45.6	10.0	7.5	2.5	
OpEx	-	-	-	-	
SRP	-	-	-	-	
Total	**$ 45.6**	**$ 10.0**	**$ 7.5**	**$ 2.5**	**25%**

The **Priority Stabilization Plan** portfolio encompasses a subset of initiatives approved under the Electric System Priority Stabilization Two-Year Plan[16]. Key Q1 FY2026 activities included energizing the Monacillo TC 115/13.2 kV 1346 transformer, receiving the Bayamón TC 115/38kV transformer and scheduling it for energization, repairing a broken jumper, a broken insulator, performing switch repairs on line 100 (Jobos TC to Guayama TO), and replacing two relays. Additionally, the Sabana Llana 230/115 kV Autotransformer 2 was received and is scheduled for energization. The site-specific Health and Safety Plan has been submitted to the Environmental Protection Agency for the Guánica TC 115/38 kV transformer. Significant progress was also made on the stabilization plan for transmission lines 9100 and 2100. Both lines entered the construction phase, with substantial efforts focused on pole replacements, insulator and hardware upgrades, and vegetation testing. Lines 9100 and 2100 reached the majority of scope completion during this time, and preparations are underway to energize both lines. Notably, Line 2100 also included aerial line work using helicopters and a critical breaker replacement to enhance system reliability. The year-to-date results are lower than expected due to constrained cash liquidity resulting from insufficient funding when compared to the approved PREB budget. As a result, several Priority Stabilization Plan workstreams, including substation hardening and feeder stabilization projects, experienced deferred procurement and contractor mobilization.

[16] For more details refer to Case No. NEPR-MI-2024-0005.

FY2026 Shared Services

LUMA is responsible for delivering Shared Services to perform certain administrative and managerial functions required to operate and manage PREPA since its commencement, as well as the Legacy Generation Assets operated by Genera PR, as of 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 requests 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 ($ million)

($ million)

	FY2026 Budget[3]	Q1 Budget[3]	Q1 Actuals[3]	Variance ($)[3]	Variance (%)
Labor	0.4	0.1	0.3	(0.2)	
Property & Casualty Insurance	61.9	15.5	0.4	15.1	
IT Service Agreements	0.9	0.2	0.3	(0.1)	
Legal Services	-	-	(2.5)	2.5	
Professional & Technical Outsourced Services	-	0.0	-	-	
Other	-	-	-	-	
Shared Services Total	**$ 63.2**	**$ 15.8**	**$ (1.5)**	**$ 17.3**	**27%**

Lower actual property insurance premiums and lower-than-budgeted year-to-date legal services—primarily due to the reclassification of expenses to interim costs—mainly drove the $17.6 million variance.

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 affect the overall accuracy of the reported results.

Third-Party Attachments Additional Reporting Requirements

NEPR-MI-2021-0004

LUMA's FY2026 First Quarterly Report for the period ending on September 30, 2025

REQUEST

Provide, beginning with Q2 FY2025 quarterly reports to the Energy Bureau, detailing:

d) A list of non-compliant attachers and actions taken to address non-compliance

RESPONSE

In response to the June 26th Resolution and Order, LUMA has developed a plan for collecting all past-due rents from third-party attachers. As part of the process, LUMA has defined a noncompliant attacher as any third-party attacher who has received an invoice but has failed to submit a complete payment, dispute the charges, or payment offer letter within the timeframe specified on the invoice, or has not responded to collection attempts. The definition of third-party attachers does not encompass those who have not paid off PREPA invoices concerning past-due rents from years before LUMA's commencement.

LUMA is negotiating a new Pole Attachment Agreement with attachers, where payment of annual rent is an essential component of the contractual discussions. The list below includes the noncompliant attachers and information received for the period reported herein.

List of noncompliant attachers:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Exhibit 2
Budget to Actuals worksheet to be submitted via email