

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

NEPR
Received:
Apr 15, 2026
5:07 PM

IN RE: REVIEW OF LUMA'S INITIAL
BUDGETS

CASE NO.: NEPR-MI-2021-0004

MOTION TO SUBMIT THE FEBRUARY 2026 B2A REPORT

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority ("PREPA") through its undersigned legal representation and respectfully informs and requests as follows:

1. On June 25, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("June 25 Order") modifying the proposed budget and approving the Consolidated Annual Budgets for Fiscal Year 2024 ("FY24 Approved Budget").

2. The June 25 Order established several financial reporting requirements for PREPA, including the submission of a monthly Budget to Actual ("B2A Report") for HydroCo and HoldCo, based on a template provided by the Financial Oversight and Management Board ("FOMB"). This report must include:

- a. Explanation of material variances (greater than 10% and \$30 million),
- b. Income statement within the reporting package, and
- c. Monthly budget reporting.

3. On June 26, 2024, the Energy Bureau issued another Resolution and Order ("June 26 Order") regarding the review of the FY 2025 Budget. In that order, the Energy Bureau determined that the modified FY 2025 Budgets complied with Act

57-2014 and the 2017 Rate Order. The Energy Bureau also confirmed that all existing reporting requirements remained in full force and effect.

4. Therefore, in compliance with the June 25 Order, PREPA hereby submits its February 2026 B2A Report as *Exhibit A*.

WHEREFORE, PREPA respectfully requests the Energy Bureau take **NOTICE** of the information provided and find PREPA in compliance with the reporting requirements of the June 25 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on April 15, 2026.

CERTIFICATE OF SERVICE: We hereby certify that this document was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>. We also certify that a true and exact copy of this document was notified to the following parties through attorneys of record: jfr@sbgblaw.com; sromero@sbgblaw.com; margarita.mercado@us.dlapiper.com; yahaira.delarosa@us.dlapiper.com; Katuska.bolanos-luga@us.dlapiper.com; and hrivera@jrsp.pr.gov.

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Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date **4/15/2026**



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Text Colors:

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FY26 Monthly B2A Summary

(\$ millions)

Summary	February-26				YTD			
	Feb-26 Budget	Feb-26 Actual	Feb-26 Variance (\$)	Feb-26 Variance (%)	YTD Certified Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
A. Revenue								
Commonwealth Loan for PREPA ERS	-	-	-	n.a.	(25.000)	(25.000)	-	0.0%
Shared Services Separation	-	-	-	n.a.	-	-	-	n.a.
PREPA Restructuring & Title III	(1.593)	(1.593)	-	0.0%	(9.143)	(9.143)	-	0.0%
FOMB Advisor Costs allocated to PREPA	(2.467)	(2.467)	-	0.0%	(14.164)	(14.164)	-	0.0%
B. Expenses								
HoldCo:								
HoldCo Labor Operating Expenses	0.672	0.625	0.048	7.1%	5.203	5.473	(0.269)	(5.2%)
HoldCo Non-Labor / Other Operating Expenses	1.863	2.185	(0.321)	(17.2%)	14.424	9.283	5.141	35.6%
Shared Services Agreement	0.324	0.253	0.072	22.1%	2.509	0.963	1.546	61.6%
HoldCo Maintenance Projects Expense	0.055	-	0.055	100.0%	0.425	0.177	0.249	58.5%
Total HoldCo Expenses (excluding Pensions)	\$ 2.915	\$ 3.062	\$ (0.147)	(5.0%)	\$ 22.561	\$ 15.895	\$ 6.666	29.5%
Pension Expense funded by PREPA	-	22.834	(22.834)	n.a.	25.000	127.050	(102.050)	(408.2%)
Shared Service Separation Expense	-	-	-	n.a.	-	-	-	-
Total HoldCo Expenses (including Pensions)	\$ 2.915	\$ 25.896	\$ (22.981)	(788.4%)	\$ 47.561	\$ 142.945	\$ (95.384)	(200.6%)
HydroCo:								
HydroCo Labor Operating Expenses	0.375	0.214	0.161	43.0%	2.900	1.959	0.940	32.4%
HydroCo Non-Labor / Other Operating Expenses	0.466	0.154	0.312	66.9%	3.606	1.246	2.361	65.5%
Shared Services Agreement	0.216	0.168	0.048	22.1%	1.673	0.642	1.031	61.6%
HydroCo Maintenance Projects Expense	0.105	-	0.105	100.0%	0.814	0.070	0.743	91.4%
Total HydroCo Expenses	\$ 1.162	\$ 0.536	\$ 0.626	53.8%	\$ 8.992	\$ 3.917	\$ 5.075	56.4%
Total HoldCo & HydroCo Expenses (including Pensions)	\$ 4.076	\$ 26.432	\$ (22.355)	-548.40%	\$ 56.553	\$ 146.862	\$ (90.309)	-159.69%
Total HoldCo & HydroCo Expenses (excluding Pensions)	\$ 4.076	\$ 3.598	\$ 0.479	11.74%	\$ 31.553	\$ 19.812	\$ 11.741	37.21%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pursuant to the FOMB 2025 Certified Fiscal Plan dated February 6, 2025, PREPA is reporting HoldCo and HydroCo expenses for YTD FY2026.

Note 3: PREPA is reporting YTD FY2026 amounts based on the FOMB Certified Budget dated June 30, 2025, and as amended on January 23, 2026.

Note 4: YTD Pension expense reflective of loan proceeds received by PREPA from the Commonwealth and transferred to PREPA ERS for July 2025. Excludes August 2025, September 2025 and portion of the October 2025 PREPA Retirement System funding provided for by the Commonwealth Loan as it was directly transferred from the Puerto Rico Treasury Department to ERS. Starting in November 2025, all PREPA transfer amounts to PREPA ERS for funding of the pensions are paid with customer collections from pension rider revenues.

Note 5: PREPA Restructuring & Title III excludes amount allocated to LUMA.

Note 6: Pension & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2026.

Note 7: PREPA Restructuring & Title III and FOMB Advisors Cost are equal to budget for February to accrue for monthly expenses.

FY26 Monthly Expenses

(\$ millions)

Expenses	February-26				YTD			
	Feb-26 Budget	Feb-26 Actual	Feb-26 Variance (\$)	Feb-26 Variance (%)	YTD Certified Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
C. HoldCo (& PropertyCo) – Operating & Maintenance Expenses								
Labor								
48 Salaries & Wages	0.397	0.493	(0.096)	(24.2%)	3.074	4.381	(1.307)	(42.5%)
49 Pension & Benefits	0.239	0.112	0.127	53.2%	1.851	0.978	0.873	47.2%
50 Overtime Pay	0.032	0.018	0.015	45.3%	0.249	0.102	0.146	58.8%
51 Overtime Benefits	0.004	0.002	0.002	52.4%	0.030	0.011	0.018	61.7%
Total HoldCo Labor Operating Expense	\$ 0.672	\$ 0.625	\$ 0.048	7.1%	\$ 5.203	\$ 5.473	\$ (0.269)	(5.2%)
Non-Labor / Other Operating Expenses								
52 Materials & Supplies	0.005	0.001	0.004	77.3%	0.042	0.048	(0.006)	(13.7%)
53 Transportation, Per Diem, and Mileage	0.022	0.013	0.009	40.0%	0.168	0.048	0.120	71.6%
54 Retiree Medical Benefits	0.677	0.393	0.284	42.0%	5.241	3.732	1.509	28.8%
55 Security	0.202	0.069	0.133	65.9%	0.793	0.501	0.293	36.9%
56 Utilities & Rents	0.006	0.006	(0.000)	(2.7%)	0.047	0.022	0.026	54.5%
57 Legal Services	0.328	0.212	0.116	35.4%	2.536	1.123	1.413	55.7%
58 Professional & Technical Outsourced Services	0.184	0.046	0.139	75.2%	1.427	0.376	1.051	73.7%
59 IT – Maintenance & Corporate Services	0.060	0.968	(0.908)	(1507.0%)	0.851	1.916	(1.065)	(125.2%)
60 Regulation and Environmental Inspection	0.136	0.274	(0.138)	(101.9%)	1.049	0.444	0.605	57.7%
61 External Audit Services	0.187	0.180	0.007	3.7%	1.450	0.622	0.828	57.1%
62 Equipment, Inspections, Repairs & Other	0.056	0.023	0.033	59.7%	0.818	0.451	0.367	44.8%
Total HoldCo Non-Labor / Other Operation Expenses	\$ 1.863	\$ 2.185	\$ (0.321)	(17.2%)	\$ 14.424	\$ 9.283	\$ 5.141	35.6%
63 Shared Services Agreement	0.324	0.253	0.072	22.1%	2.509	0.963	1.546	61.6%
64 Maintenance Projects Expenses	0.055	-	0.055	100.0%	0.425	0.177	0.249	58.5%
Total HoldCo Operating & Maintenance Expenses (excluding Pensions)	\$ 2.915	\$ 3.062	\$ (0.147)	(5.0%)	\$ 22.561	\$ 15.895	\$ 6.666	29.5%
65 Pension Expense	-	22.834	(23)	n.a.	25.000	127.050	(102.050)	(408.2%)
66 Shared Service Separation Expense	-	-	-	n.a.	-	-	-	n.a.
Total HoldCo Operating & Maintenance Expenses (including Pensions)	\$ 2.915	\$ 25.896	\$ (22.981)	(788.4%)	\$ 47.561	\$ 142.945	\$ (95.384)	(200.6%)
D. HydroCo – Operating & Maintenance Expenses								
67 Salaries & Wages	0.217	0.148	0.069	31.7%	1.677	1.332	0.345	20.6%
68 Pension & Benefits	0.130	0.035	0.096	73.4%	1.010	0.312	0.698	69.1%
69 Overtime Pay	0.025	0.028	(0.003)	(13.5%)	0.190	0.283	(0.093)	(48.9%)
70 Overtime Benefits	0.003	0.003	(0.000)	(7.2%)	0.023	0.033	(0.009)	(40.9%)
Total HydroCo Labor Operating Expenses	\$ 0.375	\$ 0.214	\$ 0.161	43.0%	\$ 2.900	\$ 1.959	\$ 0.940	32.4%
Non-Labor / Other Operating Expenses								
71 Materials & Supplies	0.062	0.004	0.058	94.3%	0.477	0.090	0.387	81.0%
72 Transportation, Per Diem, and Mileage	0.021	0.016	0.005	21.8%	0.161	0.056	0.105	65.2%
73 Security	0.211	0.110	0.101	48.0%	1.260	0.906	0.353	28.1%
74 Utilities & Rents	0.007	0.007	(0.000)	(2.7%)	0.053	0.024	0.029	54.4%
75 Professional & Technical Outsourced Services	0.016	-	0.016	100.0%	0.123	0.002	0.121	98.5%
76 Regulation and Environmental Inspection	0.062	-	0.062	100.0%	0.482	0.077	0.405	84.0%
77 Equipment, Inspections, Repairs & Other	0.087	0.018	0.070	79.8%	1.050	0.090	0.960	91.4%
Total HydroCo Non-Labor / Other Operating Expenses	\$ 0.466	\$ 0.154	\$ 0.312	66.9%	\$ 3.606	\$ 1.246	\$ 2.361	65.5%
78 Shared Services Agreement	0.216	0.168	0.048	22.1%	1.673	0.642	1.031	61.6%
79 Maintenance Projects Expenses	0.105	-	0.105	100.0%	0.814	0.070	0.743	91.4%
Total HydroCo Operating & Maintenance Expenses	\$ 1.162	\$ 0.536	\$ 0.626	53.8%	\$ 8.992	\$ 3.917	\$ 5.075	56.4%
Total HoldCo & HydroCo Operating & Maintenance Expenses (including Pensions)	\$ 4.076	\$ 26.432	\$ (22.355)	-548.40%	\$ 56.553	\$ 146.862	\$ (90.309)	-159.69%
Total HoldCo & HydroCo Operating & Maintenance Expenses (excluding Pensions)	\$ 4.076	\$ 3.598	\$ 0.479	11.74%	\$ 31.553	\$ 19.812	\$ 11.741	37.21%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pension & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2026.

Note 3: July 2025 pension expense reflective of loan proceeds received by PREPA from the Commonwealth and transferred to PREPA ERS. Pension expense for August 2025, September 2025 and portion of the October 2025 PREPA Retirement System funding excludes Commonwealth Loan portions as it was directly transferred from the Puerto Rico Treasury Department to ERS. Starting in November 2025, all PREPA transfer amounts to PREPA ERS for funding of the pensions are paid with customer collections from pension rider revenues.

Puerto Rico Electric Power Authority
Variance Detail
FISCAL YEAR 2026
4/15/2026

Variance #1
FOMB Category: HoldCo Shared Service Agreement HoldCo
Account: Shared Service Agreement HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Shared Service Agreement HoldCo	\$ 2,509	\$ 0,963	\$ 1,546	61.62%

Variance Explanation
 On January 1, 2026 the Shared Services Agreement for non-insurance related services was extended through June 30, 2026. As a result, LUMA continues to incur and allocate to PREPA its labor (firm/fixed) and non-labor (as incurred) costs associated with providing Shared Services. Since the non-labor services are billed on an as incurred basis, these costs are also subject to post-period revisions. In February, \$0 was recorded for non-labor services resulting in a lower than anticipated February expense incurred.

Root Cause
 Non-labor services for February were \$0.

Corrective Action
 PREPA will continue to monitor and resolve any issues.

Variance #2
FOMB Category: HoldCo Retiree Medical Benefits HoldCo
Account: Retiree Medical Benefits HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Retiree Medical Benefits HoldCo	\$ 5,241	\$ 3,732	\$ 1,509	28.79%

Variance Explanation
 Since December 2024, PREPA has seen a reduction of over 1,500 retirees in the Medicare Advantage retiree group. This is due to market offerings and retirees opting for private health plans.

Root Cause
 Reduction to participants in the Medicare Advantage retiree group.

Corrective Action
 No action identified. PREPA will continue to monitor and adjust future budget proposals as needed.

Variance #3
FOMB Category: HoldCo Legal Services HoldCo
Account: Legal Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Legal Services HoldCo	\$ 2,536	\$ 1,123	\$ 1,413	55.73%

Variance Explanation
 Due to the ERP system transition, PREPA was unable to process payments before the cutoff date, resulting in payment delays. Catch-up payments are expected in March. YTD actuals include a total of \$359,871.21 related to Litigation Claims Settlements (\$12,550.00 in August, \$59,500.00 in September, \$87,821.21 in November and \$200,000.00 in February).

Root Cause
 Delay in payment processing due to the ERP system transition.

Corrective Action
 Catch-up payments are expected in March. PREPA will continue to monitor and resolve any issues.

Variance #4
FOMB Category: HoldCo IT - Maintenance & Corporate Services HoldCo
Account: IT - Maintenance & Corporate Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
IT - Maintenance & Corporate Services HoldCo	\$ 0,851	\$ 1,916	\$ (1,065)	-125.17%

Variance Explanation
 PREPA has identified \$955,673.64 in expenses year-to-date that are related to shared services separation that are to be funded through with the \$4.0M interagency transfer from AAFAF that PREPA anticipates receiving (\$511,542.39 in September, \$174,527.50 in November, \$74,023.75 in December, \$119,437.50 in January and \$76,142.50 in February). As of the date of this report, PREPA has not has not received the \$4.0M from AAFAF.

Root Cause
 Delay in receiving the \$4.0M from AAFAF.

Corrective Action
 On January 23, 2026, the FOMB certified an amended budget that includes the \$4.0M PREPA anticipates received from AAFAF. Once PREPA receives the \$4.0M from AAFAF and an PREPA will move \$955,673.64 in expenses from the IT -Maintenance & Corporate Services line to be recorded against the \$4.0M to correspond with the budget.

Variance #5
FOMB Category: HoldCo Professional & Technical Outsourced Services HoldCo
Account: Professional & Technical Outsourced Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Professional & Technical Outsourced Services HoldCo	\$ 1,427	\$ 0,376	\$ 1,051	73.66%

Variance Explanation
 Due to the ERP system transition, PREPA was unable to process payments before the cutoff date, resulting in payment delays. Catch-up payments are expected in March. Additionally, resulting budgetary reductions imposed by the approved budget results in internal delays in PREPA's contract approval and execution process. PREPA has to re-evaluate its priority contracts and/or engage in negotiations with certain professionals before submitting for approval and execution.

Root Cause
 Delay in payment processing due to the ERP system transition and delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action
 Catch-up payments are expected in March. PREPA is also working to execute contracts and expects to receive invoices in the coming months.

Variance #6
FOMB Category: HydroCo Shared Service Agreement HydroCo
Account: Shared Service Agreement HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Shared Service Agreement HydroCo	\$ 1.673	\$ 0.642	\$ 1.031	61.62%

Variance Explanation
 On January 1, 2026 the Shared Services Agreement for non-insurance related services was extended through June 30, 2026. As a result, LUMA continues to incur and allocate to PREPA its labor (firm/fixed) and non-labor (as incurred) costs associated with providing Shared Services. Since the non-labor services are billed on an as incurred basis, these costs are also subject to post-period revisions. In February, \$0 was recorded for non-labor services resulting in a lower than anticipated February expense incurred.

Root Cause
 Non-labor services for February were \$0.

Corrective Action
 PREPA will continue to monitor and resolve any issues.

Variance #7
FOMB Category: HydroCo Equipment, Inspections, Repairs & Other HydroCo
Account: Equipment, Inspections, Repairs & Other HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Equipment, Inspections, Repairs & Other HydroCo	\$ 1.050	\$ 0.090	\$ 0.960	91.43%

Variance Explanation
 PREB and the FOMB approved/certified (as relevant) an FY2026 budget for this line item that was ~\$1.4 million greater than PREPA's proposed amount of ~\$415K.

Root Cause
 PREB and the FOMB approved/certified (as relevant) an FY2026 budget amount in excess of PREPA's proposed amount.

Corrective Action
 PREPA requested a reallocation of funds from this line item to the HydroCo Security line in the amount of ~\$393K. The FOMB approved this request on January 23, 2026.

Variance #8
FOMB Category: HoldCo External Audit Services HoldCo
Account: External Audit Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
External Audit Services HoldCo	\$ 1.450	\$ 0.622	\$ 0.828	57.09%

Variance Explanation
 Due to the ERP system transition, PREPA was unable to process payments before the cutoff date, resulting in payment delays. Catch-up payments are expected in March. Additionally, due to the delay in the issuance of the FY2023 audit and the resulting delay in commencing the FY2024 financial audit process, PREPA's approved FY2026 budget for External Audit is to perform, complete and issue the FY2024 financial audit statements as well as covering remaining FY2023 tasks for certain External Audit contracts. Variance is due to timing of invoices related to FY2023 audit tasks and delay of FY2024 audit commencement.

Root Cause
 Delay in payment processing due to the ERP system transition and timing of invoices related to FY2023 audit tasks and delay of FY2024 audit commencement.

Corrective Action
 Catch-up payments are expected in March. PREPA will continue to monitor and resolve any issues.

Variance #9
FOMB Category: HydroCo Maintenance Projects Expenses HydroCo
Account: Maintenance Projects Expenses HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Maintenance Projects Expenses HydroCo	\$ 0.814	\$ 0.070	\$ 0.743	91.38%

Variance Explanation
 Funding constraints imposed by PREB and FOMB budgets have caused delays in PREPA's contract approval and execution process. PREPA continues to evaluate and prioritize contracts and is in negotiations with certain professionals.

Root Cause
 Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action
 PREPA is working to execute contracts and expects to engage professionals and incur expenses in the coming months. Notably, in February 2026 over \$450,000 in funding was certified internally and PREPA operations anticipates executing contracts in the near future.

Variance #10
FOMB Category: HoldCo Regulation and Environmental Inspection HoldCo
Account: Regulation and Environmental Inspection HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Regulation and Environmental Inspection HoldCo	\$ 1.049	\$ 0.444	\$ 0.605	57.65%

Variance Explanation
 Due to the ERP system transition, PREPA was unable to process payments before the cutoff date, resulting in payment delays. Catch-up payments are expected in March. Additionally, funding constraints imposed by PREB and FOMB budgets have caused delays in PREPA's contract approval and execution process. PREPA continues to evaluate and prioritize contracts and is in negotiations with certain professionals.

Root Cause
 Delay in PREPA's contract approval and execution process due to budgetary constraints, as well as internal invoice processing due to ERP transition.

Corrective Action
 Catch-up payments are expected in March. PREPA is also working to execute contracts and expects to engage professionals and incur expenses in the coming months.

Variance #11
FOMB Category: HydroCo Regulation and Environmental Inspection HydroCo
Account: Regulation and Environmental Inspection HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Regulation and Environmental Inspection HydroCo	\$ 0.482	\$ 0.077	\$ 0.405	84.04%

Variance Explanation
 Due to the ERP system transition, PREPA was unable to process payments before the cutoff date, resulting in payment delays. Catch-up payments are expected in March. Additionally, funding constraints imposed by PREB and FOMB budgets have caused delays in PREPA's contract approval and execution process. PREPA continues to evaluate and prioritize contracts and is in negotiations with certain professionals. Of the FY2026 certified budget of \$731K, approximately \$234K is related to services that are as needed basis/upon request or in the event of an emergency/to cover unforeseen circumstances in order to comply with state and federal environmental regulations. Additionally, due to the PREPA's Oracle system transition, there have been internal delays in invoice processing.

Root Cause
 Delay in PREPA's contract approval and execution process due to budgetary constraints, as well as internal invoice processing due to ERP transition.

Corrective Action
 Catch-up payments are expected in March. PREPA is also working to execute contracts and expects to engage professionals and incur expenses in the coming months.

Variance #12
FOMB Category: HydroCo Materials & Supplies HydroCo
Account: Materials & Supplies HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Materials & Supplies HydroCo	\$ 0.477	\$ 0.090	\$ 0.387	81.04%

Variance Explanation
 Approximately 70% of PREPA's proposed budget for HydroCo Materials & Supplies is for services related to turbine maintenance, with the remaining 30% related to services that are incurred on an as needed basis/upon request. In such, funding constraints imposed by PREB and FOMB budgets have caused delays in PREPA's contract approval and execution process for contracts related to turbine maintenance. PREPA continues to evaluate and prioritize contracts and is in negotiations with certain professionals.

Root Cause
 Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action
 PREPA is working to execute contracts and expects to engage professionals and incur expenses in the coming months.

Variance #13
FOMB Category: HoldCo Equipment, Inspections, Repairs & Other HoldCo
Account: Equipment, Inspections, Repairs & Other HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Equipment, Inspections, Repairs & Other HoldCo	\$ 0.818	\$ 0.451	\$ 0.367	44.84%

Variance Explanation
 The FOMB approved PREPA's request to reallocate ~\$402K from this line item to the HoldCo Security on January 23, 2026. Additionally, this line items includes budget for the compensation of PREPA's Governing Board members who are not public employees. As of the date of this report, all current members of PREPA's Governing Board are public employees and therefore do not meet the criteria for compensation.

Root Cause
 Reallocation of funds approved by FOMB in January. Current PREPA Governing Board members are public employees resulting in the related compensation budget unused.

Corrective Action
 PREPA requested a reallocation of funds from this line item to the HoldCo Security line in the amount of ~\$402K. The FOMB approved this request on January 23, 2026.

Variance #14
FOMB Category: HydroCo Security HydroCo
Account: Security HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Security HydroCo	\$ 1.260	\$ 0.906	\$ 0.353	28.06%

Variance Explanation
 Due to budgetary constraints, PREPA reduced the amount of services during the month of July until approved budget amounts were communicated with additional funds allocated. Additionally, the FOMB approved PREPA's request to reallocate ~\$383K from HydroCo Equipment, Inspections, Repairs & Other to HydroCo Security on January 23, 2026.

Root Cause
 Reduction in the amount of services provided in July.

Corrective Action
 Not applicable, no action identified or needed.

Variance #15
FOMB Category: HoldCo Security HoldCo
Account: Security HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Security HoldCo	\$ 0.793	\$ 0.501	\$ 0.293	36.88%

Variance Explanation
 Due to budgetary constraints, PREPA reduced the amount of services during the month of July until approved budget amounts were communicated with additional funds allocated. Additionally, the FOMB approved PREPA's request to reallocate a total of ~\$804K from HoldCo IT – Maintenance & Corporate Services (~\$402K) and HoldCo Equipment, Inspections, Repairs & Other (~\$402K) to HoldCo Security on January 23, 2026.

Root Cause
 Reduction in the amount of services provided in July.

Corrective Action
 Not applicable, no action identified or needed.

Variance #16
FOMB Category: HoldCo Maintenance Projects Expenses HoldCo
Account: Maintenance Projects Expenses HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Maintenance Projects Expenses HoldCo	\$ 0.425	\$ 0.177	\$ 0.249	58.49%

Variance Explanation
 Variance due to timing of invoices.

Root Cause
 Variance due to timing of invoices.

Corrective Action
 Not applicable, no action identified or needed.

Variance #17
FOMB Category: HydroCo Professional & Technical Outsourced Services HydroCo
Account: Professional & Technical Outsourced Services HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Professional & Technical Outsourced Services HydroCo	\$ 0.123	\$ 0.002	\$ 0.121	98.47%

Variance Explanation
 Budget constraints and prioritization have caused delays in PREPA's contract approval and execution process. PREPA has had to re-evaluate its priority contracts and/or engage in negotiations with certain professionals before submitting for approval and execution. While PREPA has made progress and executed various contracts totaling over \$100K, many of these services are performed on an as needed basis/upon request.

Root Cause
 Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action
 PREPA will continue to monitor and resolve any issues. PREPA is continuing to work to execute additional contracts and expects to receive invoices in the coming months.