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

IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY'S SYSTEM REMEDIATION PLAN	**CASE NO. NEPR-MI-2020-0019** **SUBJECT: Motion to Submit Quarterly Report for the Third Quarter of Fiscal Year 2026**

MOTION TO SUBMIT QUARTERLY REPORT FOR THE THIRD 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 February 24, 2021, LUMA filed before this Honorable Puerto Rico Energy Bureau ("Energy Bureau") a *Request for Approval of the System Remediation Plan* ("SRP Petition"), pursuant to LUMA's obligations under Section 4.1 (d) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement, dated as of June 22, 2020, executed by and among LUMA, the Puerto Rico Electric Power Authority and the Puerto Rico Public-Private Partnerships Authority ("P3 Authority") ("T&D OMA").

2. After several procedural events, on June 23, 2021, this Energy Bureau issued a Resolution and Order approving LUMA's System Remediation Plan ("June 23rd Order"). In Section IV, paragraphs 1 through 3 of the June 23rd Order, this honorable Energy Bureau directed that, starting on September 15, 2021, LUMA shall file reports every two months on the implementation of the approved System Remediation Plan ("SRP") that shall include:

i. Actual spending amounts, broken down by spending initiative/portfolio, and reflecting in detail any variances from the [SRP];
ii. A detail[ed] timeline per portfolio with sufficient detail to allow the Energy Bureau to assess project status for [SRP] capital expenditures and operational initiatives; and
iii. Any capital expenditure or operational initiatives that are behind schedule, compared to the initial [SRP] timeframe and a detail[ed] explanation as to the cause of the delay and the corrective actions implemented to prevent further delays, as applicable.

June 23rd Order, pp. 37-38.

3. Moreover, on page 38 of the June 23rd Order, this honorable Energy Bureau recognized that the SRP could require revisions or updates in the future and thus, ordered LUMA to file any future modifications, along with the rationale and justification for the proposed changes, and an explanation of the impact of such modifications on other initiatives and the overall SRP goals. Furthermore, Section 5.4 of the T&D OMA provides for submission to this Energy Bureau of amendments to the approved SRP.

4. On August 25, 2021, this Energy Bureau issued a Resolution and Order ("August 25th Order") modifying the bimonthly reporting requirement to a quarterly basis and establishing a thirty-day filing due date following the close of the reported quarter for these reports. *See* August 25th Resolution, p. 3. Thereafter, on November 4, 2021, this Energy Bureau issued a Resolution and Order (the "November 4th Order") establishing a filing date for these reports of forty-five (45) days after each quarter closes. *See* November 4th Order, p. 2.

5. In compliance with the June 23rd Order, as modified by the August 25th Order and the November 4th Order, LUMA hereby submits to the Energy Bureau, attached as *Exhibit 1*, its Quarterly Report for the third quarter of Fiscal Year 2026 ending March 31, 2026 ("Q3 Report"). The Q3 Report contains the information required in Section IV, paragraphs 1 through 3 of the June 23rd Order.

6. This Q3 Report also addresses the quarterly reporting requirements set in case No. NEPR-MI-2021-0004, *In Re: LUMA's Initial Budgets* ("Initial Budgets Proceeding") and will also be submitted in that proceeding.

7. The Q3 Report filed herein also meets LUMA's quarterly reporting obligations under the T&D OMA. It will also be submitted to the P3 Authority. *See* T&D OMA, Annex I, Section VI(B), paragraph (5).

WHEREFORE, LUMA respectfully requests that the honorable Energy Bureau **take notice** of the aforementioned; **accept** the attached *Exhibit 1* in compliance with the quarterly reporting requirements set forth in the June 23rd Order, as modified; and **deem** LUMA in compliance with the reporting requirements set forth in the instant proceeding.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, on this 15th day of May, 2026.

WE HEREBY CERTIFY that this motion was filed using the electronic filing system of this Energy Bureau. We also certify that copy of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Mirelis Valle-Cancel, mvalle@gmlex.net; and to Genera PR, LLC, through: Jorge Fernández-Reboredo, jfr@sbgblaw.com, legal@genera-pr.com; and regulatory@genera-pr.com.

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Exhibit 1
Q3 Report

Informe trimestral de LUMA

para el tercer trimestre (Q3) del año fiscal 2026

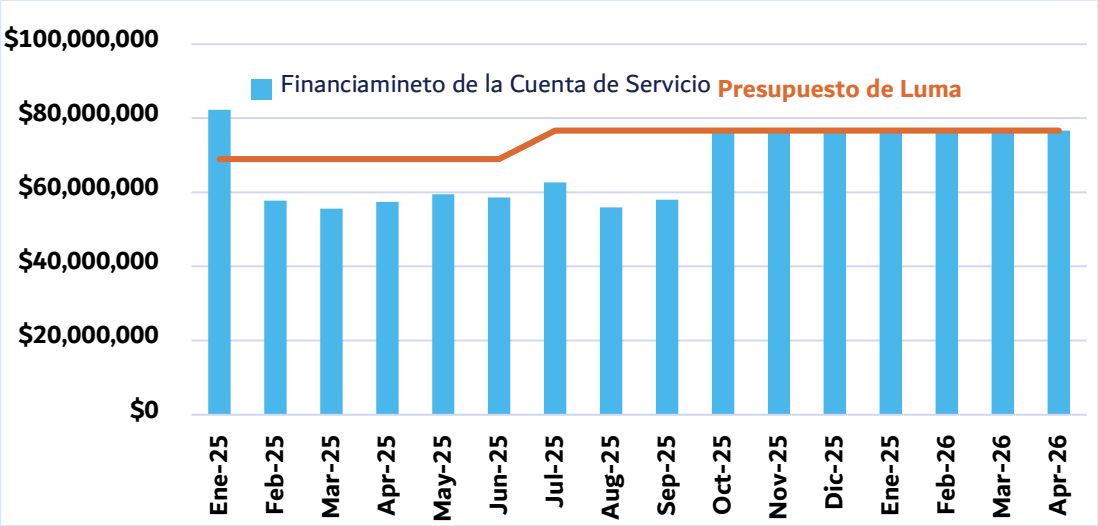
que termina el 31 de marzo de 2026

Energizando a Puerto Rico: hitos estratégicos y administración fiscal

Durante el tercer trimestre del Año Fiscal 2026, LUMA mantuvo su firme compromiso con la transformación de la red eléctrica de Puerto Rico mientras navegaba por un entorno fiscal complejo. A lo largo del periodo, la organización mantuvo un equilibrio entre el progreso operacional y una gestión disciplinada y transparente de los requisitos regulatorios, todo dentro de las limitaciones de liquidez existentes.

Los fondos provistos por PREPA durante el trimestre estuvieron alineados con los presupuestos de Operaciones y Mantenimiento (O&M, por sus siglas en inglés) y de Capital No Financiado con Fondos Federales (NFC) aprobados por el PREB; sin embargo, los montos recibidos no cumplieron con los requisitos mínimos de balance establecidos en el T&D OMA. La Figura 1 ilustra los fondos recibidos en las cuentas de servicio y los niveles presupuestados aprobados para LUMA desde enero de 2025. La brecha observada entre febrero y septiembre de 2025 contribuyó a la acumulación de cuentas por pagar, lo que continúa limitando la capacidad de ejecución operacional. Por consiguiente, LUMA mantuvo un enfoque conservador de gasto posponiendo actividades y ajustando los planes de trabajo, según la liquidez disponible.

Figura 1 – Financiamiento de la cuenta de servicio contra el presupuesto de LUMA



Los persistentes déficits de efectivo han afectado la participación de los suplidores, ya que algunos de ellos redujeron o suspendieron servicios y otros colocaron cuentas en estatus de espera, lo que retrasó aún más la ejecución de actividades de mantenimiento y proyectos capitales planificados.

A pesar de estas restricciones, LUMA logró avances medibles en los trabajos prioritarios. Durante el trimestre, LUMA restauró tres líneas de transmisión que habían permanecido fuera de servicio desde el huracán María: TL4500 desde Canas TC hasta la sección La Rambla; TL12600 desde Verde Mar hasta el interruptor de aire operado por el grupo 5423B; y TL13100 desde Costa Sur hasta Messer. El trabajo de infraestructura también progresó, incluida la sustitución de más de 10,410 postes y la reparación de cerca de 9,000 luminarias en lo que va de año, con un enfoque en las necesidades de confiabilidad del sistema y el servicio al cliente.

Este informe, presentado conforme al Acuerdo de Operación y Mantenimiento del Sistema de Transmisión y Distribución de Puerto Rico, ofrece un resumen de las operaciones y actividades que LUMA realizó entre el 1 de enero y el 31 de marzo de 2026. LUMA continúa gestionando las operaciones dentro de las restricciones financieras priorizando la estabilidad, seguridad y confiabilidad del sistema, mientras ajusta los cronogramas de ejecución, según la liquidez disponible y la capacidad de los suplidores.

Progreso para Puerto Rico durante el año fiscal 2026

Para continuar construyendo un mejor futuro energético para todos los clientes, LUMA:

- instaló más de 730 dispositivos de automatización y protección en las líneas de distribución para mejorar la confiabilidad del sistema,
- activó más de 34,900 sistemas solares que ahora participan en la medición neta de energía, lo que representa más de 330 MW de energía limpia,
- proveyó más de 44,600 horas de capacitación en salud y seguridad en el trabajo y en LUMA College,
- reemplazó sobre 10,410 postes de distribución rotos o dañados y
- reemplazó o reparó más de 8,900 luminarias.

LUMA Quarterly Report

for the Third Quarter (Q3) of Fiscal Year 2026

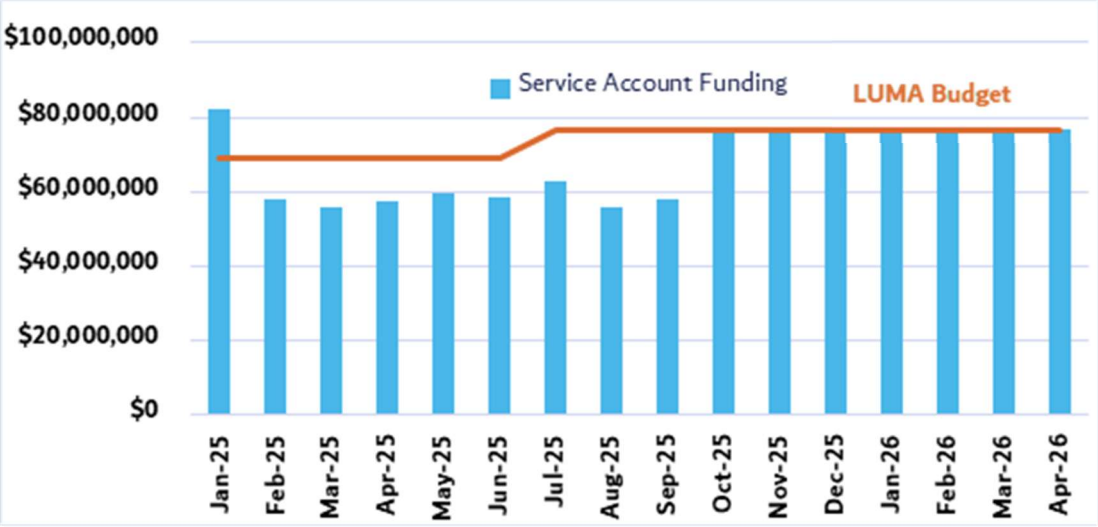
ending March 31, 2026

Powering Puerto Rico: Strategic Milestones and Fiscal Stewardship

During the third quarter of Fiscal Year 2026, LUMA maintained its steadfast commitment to transforming Puerto Rico's energy grid while navigating a complex fiscal landscape. Throughout the period, the organization maintained a balance between operational progress and a disciplined, transparent management of regulatory requirements, all within the existing liquidity constraints.

Funding provided by PREPA during the quarter aligned with PREB-approved Operations and Maintenance (O&M) and Non-Federally Funded Capital (NFC) budgets; however, the amounts received did not meet the minimum balance requirements established under the T&D OMA. Figure 1 illustrates the funding received in the service accounts and LUMA's approved budget levels since January 2025. The gap experienced between February and September 2025 contributed to the accumulation of accounts payable, which continues to limit operational execution. As a result, LUMA maintained a conservative spending approach, deferring activities and adjusting work plans to align with available liquidity.

Figure 1 – Service Account Funding against LUMA's Budget



Ongoing cash shortfalls have affected vendor participation, with some vendors reducing or suspending services and others placing accounts on hold, further delaying execution of planned maintenance and capital activities.

Despite these constraints, LUMA delivered measurable progress on priority work. During the quarter, LUMA restored three transmission lines that had remained out of service since Hurricane María, including TL4500 from Canas TC to the La Rambla section, TL12600 from Verde Mar to group-operated air breaker 5423B, and TL13100 from Costa Sur to Messer. Infrastructure work also advanced, including the replacement of over 10,410 utility poles and the repair of nearly 9,000 streetlights year to date, with a focus on system reliability and service needs. In addition,

This report, submitted in accordance with the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA), provides an overview of LUMA's operations and activities carried out between January 1 and March 31, 2026. LUMA continues to manage operations within financial constraints, prioritizing system stability, safety, and reliability while adjusting execution timelines based on available liquidity and vendor capacity.

Progress for Puerto Rico during Fiscal Year 2026

To continue building a better energy future for all its customers, LUMA:

- installed over 730 distribution automation and protection devices in the distribution lines to enhance reliability,
- activated more than 34,900 solar systems participating in net energy metering, which represents over 330 MW of clean energy,
- completed more than 44,600 training hours in health and safety on the job and at LUMA College,
- replaced over 10,410 broken and damaged distribution utility poles and
- replaced or repaired over 8,900 streetlights.

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Q3 FY2026 Preliminary Financial Performance

As of March 31, 2026, LUMA remained within budget, having spent 59% of its annual operational and non-federally funded capital budgets. This result reflects deliberate financial controls in response to constrained funding levels at the beginning of the Fiscal Year, including targeted cost-containment actions such as reduced workforce levels, a pause on non-essential hiring, and the temporary deferral of selected initiatives, including a one-month suspension of preventive vegetation-management activities. Even under these constraints, LUMA prioritized spending to safeguard system stability, support emergent operational needs, and address immediate safety risks.

Summary of Q3 of FY2026 Spending – Preliminary Results

($ million)

	FY2026 Budget[1,3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures	$ 596.5	$ 151.2	$ 119.0	$ 445.3	$ 365.7	$ 79.6	
Non-Federally Funded Capital Expenditures	$ 183.7	$ 50.3	$ 40.5	$ 133.4	$ 102.7	$ 30.7	
Subtotal[2]	**$ 780.2**	**$ 201.5**	**$ 159.5**	**$ 578.7**	**$ 468.4**	**$ 110.3**	**19%**
Federally Funded Expenditures[4]	**$ 1,207.2**	**$ 342.2**	**$ 123.1**	**$ 839.7**	**$ 451.2**	**$ 388.5**	**46%**

Energy Consumption and Base Revenue – Preliminary Results

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

	FY2026 Forecast	Q3 Forecast	Q3 Actuals	YTD Forecast	YTD Actuals	YTD Variance
Total Consumption (GWh)[5]	16,022	3,530	3,566	11,955	12,194	239
Base Revenue (millions) [6,7]	$ 1,160	$ 266	$ 249	$ 866	$ 832	$ (34)

Disclaimer

This document presents LUMA's Quarterly Report on the operation of the Puerto Rico Transmission and Distribution (T&D) system for the third quarter of FY2026, from January 1, 2026, to March 31, 2026. As part of our commitment to transparency, LUMA is providing the preliminary financial information contained in this report as ordered by the Puerto Rico Energy Bureau (PREB). The information presented in this quarterly report is preliminary and subject to revision upon completion of the year-end financial closing process. As would be reasonably expected, preliminary financial information for the period may differ materially from the final figures.

[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 are rounded.
[4] Federally funded expenditures include capital, general, and administrative charges.
[5] We reviewed the August 2025 consumption and updated the first quarter data.
[6] Base revenue does not include revenue billed for fuel adjustment, purchased power, CILT, or subsidies.
[7] The billing system has not reflected the credits issued to net metering customers as deductions.

Transmission and Distribution Operating Expenditures – Preliminary Results

($ million)

	FY2026 Budget[1,3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	280.4	70.1	64.6	210.3	193.9	16.4	
Total Labor	**$ 280.4**	**$ 70.1**	**$ 64.6**	**$ 210.3**	**$ 193.9**	**$ 16.4**	**8%**
Non-Labor							
Materials & Supplies	26.0	6.5	4.3	19.5	12.7	6.8	
Transportation, Per Diem, and Mileage	11.8	3.0	2.4	8.9	6.9	2.0	
Property & Casualty Insurance	18.5	4.6	4.2	13.9	12.9	1.0	
Security	7.3	1.9	1.6	5.5	4.8	0.7	
IT Service Agreements	27.2	6.8	7.7	20.4	23.2	(2.8)	
Utilities & Rents	8.7	2.2	1.6	6.6	7.3	(0.7)	
Legal Services	8.2	2.1	2.5	6.2	9.7	(3.5)	
Communications Expenses	0.2	-	-	0.1	0.1	-	
Professional & Technical Outsourced Services	114.2	28.6	22.2	85.7	66.9	18.8	
Vegetation Management	74.0	20.5	7.3	53.5	24.9	28.6	
Other Miscellaneous Expenses	8.3	1.9	0.6	6.0	2.4	3.6	
Total Non-Labor / Other Operating Expense	**$ 304.4**	**$ 78.1**	**$ 54.4**	**$ 226.3**	**$ 171.8**	**$ 54.5**	**24%**
Subtotal	**$ 584.8**	**$ 148.2**	**$ 119.0**	**$ 436.6**	**$ 365.7**	**$ 70.9**	**16%**
2% Reserve for Excess Expenditures	11.7	3.0	-	8.7	-	8.7	
Total Operating Expenditures	**$ 596.5**	**$ 151.2**	**$ 119.0**	**$ 445.3**	**$ 365.7**	**$ 79.6**	**18%**

Operating Expenditures by Department

Customer Experience Operational Expenditures – Preliminary Results

LUMA's 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]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	45.6	11.4	9.9	34.2	30.5	3.7	
Total Labor	**$ 45.6**	**$ 11.4**	**$ 9.9**	**$ 34.2**	**$ 30.5**	**$ 3.7**	**11%**
Non-Labor							
Materials & Supplies	-	-	-	-	-	-	
Transportation, Per Diem, and Mileage	0.4	0.1	0.1	0.3	0.2	0.1	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	-	-	-	-	-	
Utilities & Rents	0.2	-	0.1	0.1	0.1	-	
Legal Services	-	-	-	-	-	-	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	43.7	10.9	9.9	32.7	30.8	1.9	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	-	-	-	0.1	0.1	-	
Total Non-Labor / Other Operating Expense	**$ 44.3**	**$ 11.0**	**$ 10.1**	**$ 33.2**	**$ 31.2**	**$ 2.0**	**6%**
Total Operating Expense	**$ 89.9**	**$ 22.4**	**$ 20.0**	**$ 67.4**	**$ 61.7**	**$ 5.7**	**8%**

Key activities during Q3 FY2026:

- Managed more than 403,000 outbound calls, secured over 17,780 payment agreements, and recovered over $93.6 million in past due balances out of $418.3 million, thereby improving LUMA's overall collection efforts
- Strengthened revenue protection by executing over 7,200 service disconnections due to non-payment and issuing more than 18,330 thirty-day prior disconnection notices and over 21,500 overdue payment reminders to drive payment compliance
- Served 527,744 customers in our regional Customer Experience offices with a 12-minute average wait time
- Implemented First Contact Resolution, training contact center employees to resolve inquiries immediately, including billing-related inquiries on the first interaction, minimizing escalations in other departments, and reducing repeated calls
- Activated more than 10,473 new net metering participants, adding over 96 MW of solar capacity to the grid
- Supported 21 community events across the municipalities of Manatí, Arecibo, Florida, Toa Baja, San Juan, Utuado, Las Marías, Guánica, Peñuelas, Las Piedras, and Humacao to inform, educate, and assist residents on Advanced Metering Infrastructure (AMI) projects, electrical safety, available resources, and ongoing work in their communities

The $5.7 million year-to-date variance in Customer Experience operating expenditure is driven by lower-than-budgeted spending on Salaries, Wages, and Benefits and on Professional and Technical Services. These variances reflect Q2 cash-management actions taken in response to funding shortfalls, including pausing hiring, limiting overtime, reducing workforce levels, and deferring planned

initiatives such as voice response system enhancements, website redesign, and Customer Care and Billing (CC&B) optimization. These actions reduced customer service capacity and delayed planned improvements, resulting in longer wait times, slower response times, and increased call abandonment rates.

Operations Operating Expenditures – Preliminary Results

LUMA's 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]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	141.9	35.5	34.1	106.4	103.5	2.9	
Total Labor	**$ 141.9**	**$ 35.5**	**$ 34.1**	**$ 106.4**	**$ 103.5**	**$ 2.9**	**3%**
Non-Labor							
Materials & Supplies	12.9	3.2	2.8	9.7	9.4	0.3	
Transportation, Per Diem, and Mileage	6.8	1.7	1.3	5.1	4.2	0.9	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	-	-	-	-	-	
Utilities & Rents	1.2	0.3	0.3	0.9	0.8	0.1	
Legal Services	-	-	-	-	-	-	
Communications Expenses	0.1	0.1	-	0.1	0.1	-	
Professional & Technical Outsourced Services	17.5	4.4	3.0	13.2	11.5	1.7	
Vegetation Management	74.0	20.5	7.3	53.5	24.9	28.6	
Other Miscellaneous Expense	0.5	-	0.2	0.3	0.2	0.1	
Total Non-Labor / Other Operating Expense	**$ 113.0**	**$ 30.2**	**$ 14.9**	**$ 82.8**	**$ 51.1**	**$ 31.7**	**38%**
Total Operating Expense	**$ 254.9**	**$ 65.7**	**$ 49.0**	**$ 189.2**	**$ 154.6**	**$ 34.6**	**18%**

Key activities during Q3 FY2026:

- Replaced twenty-eight 38 kV and eight 115 kV structures to enhance service reliability and maintain system integrity
- Maintenance provided to 28 miles of vegetation at distribution and 277 miles of transmission on 38 kV, 115 kV, and 230 kV lines
- Upgraded insulated hardware across two hundred sixty-one 38 kV, one hundred twenty-four 115 kV, and two 230 kV line structures
- Replaced switches on forty-four 38 kV transmission lines, two 115 kV transmission lines, and three 230 kV transmission lines
- Completed 129 metering system inspections for 38 kV accounts to verify meter programming, accuracy, and wiring; additionally, recycled and reinstated 4,387 meters into inventory
- Performed 434 preventive maintenance tasks, including thermography inspections, battery bank checks, breaker testing, and transformer inspections; additionally, the Operations team completed 69 corrective maintenance tasks, such as replacing internal chambers, repairing bus supports, fixing oil leaks, and servicing switches and breakers

The $34.6 million year-to-date variance in Operations' operating expenditure was primarily driven by vegetation management expenses, which were $28.6 million underspent. Earlier in the fiscal year, cash-management actions taken in response to funding shortfalls, combined with large outstanding payables, required strict spending controls, resulting in a one-month halt of preventive vegetation management activities. The accumulation of payables affected vendor participation and delayed the execution of contracted work. Operations are currently ramping back up.

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 March 31, 2026 [8]
Utility electrician	107
Apprentice underground technician	8
Underground Technician	5
Apprentice substation technician[7]	53
Substation technician[6]	67
Senior substation technician[6]	22
Meter technicians	27
Low-voltage technician	110
Foreman[6]	85
Foreman - low voltage	32
Apprentice lineworker, 1st period	0
Apprentice lineworker, 2nd period	5
Apprentice lineworker, 3rd period	21
Apprentice lineworker, 4th period[7]	27
Apprentice lineworker, 5th period[7]	18
Apprentice lineworker, 6th period[7]	34
Apprentice lineworker, 7th period[7]	90
Journeyman lineworker[6]	389
Total	**1,100**

The FY2026 budget includes 1,651 full-time electrical utility field workers, of which 1,100 positions are currently filled, resulting in a net increase of 61 new hires by the end of Q3. LUMA operates in a highly competitive labor market, where U.S. utilities often offer significantly higher compensation, making recruitment and retention particularly challenging in specialized trades such as linework and substation operations. To mitigate, LUMA is advancing targeted retention strategies, reinforcing employee engagement efforts, and emphasizing career development pathways to retain top talent. In addition, for certain highly specialized or hard-to-fill roles, LUMA continues to leverage qualified contractor crews with equivalent skill sets to ensure essential field tasks progress without interruption. These combined actions strengthen workforce readiness while longer-term hiring and apprenticeship pipelines continue to mature.

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

Utility Transformation Operating Expenditures – Preliminary Results

LUMA's Utility Transformation Department provides the technical, engineering, and programmatic framework required to deliver safe, reliable, resilient, and clean energy service to our 1.5 million customers. The department supports key initiatives outlined in the System Remediation Plan and focuses on the long-term vision outlined in the Integrated Resource Plan.

($ million)

	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	22.8	5.7	6.2	17.1	12.1	5.0	
Total Labor	**$ 22.8**	**$ 5.7**	**$ 6.2**	**$ 17.1**	**$ 12.1**	**$ 5.0**	**29%**
Non-Labor							
Materials & Supplies	2.1	0.5	0.5	1.6	1.1	0.5	
Transportation, Per Diem, and Mileage	3.8	0.9	0.3	2.8	0.7	2.1	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	-	-	-	-	-	-	
Utilities & Rents	0.8	0.2	0.2	0.6	0.7	(0.1)	
Legal Services	1.0	0.3	0.2	0.8	0.9	(0.1)	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	7.3	1.9	2.8	5.5	2.9	2.6	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	0.1	-	(0.2)	-	0.8	(0.8)	
Total Non-Labor / Other Operating Expense	**$ 15.1**	**$ 3.8**	**$ 3.8**	**$ 11.3**	**$ 7.1**	**$ 4.2**	**37%**
Total Operating Expense	**$ 37.9**	**$ 9.5**	**$ 10.0**	**$ 28.4**	**$ 19.2**	**$ 9.2**	**32%**

Key activities during Q3 FY2026:

- Completed 12 substation load transfer studies to support maintenance works, including hot spot correction and transformer or breaker maintenance, and finished voltage regulation studies for the Yauco Hydro I and Yauco Hydro II substations
- Supported the execution of priority capital and operational initiatives, including Distribution Streetlighting, Transmission Line Rebuild, OT Telecom Systems & Networks, Substation Rebuilds, and Substation Reliability programs
- Advanced third-party attachment activities by reviewing and processing telecommunications installations across 28 poles, including verification of georeferenced data and completion of required engineering assessments such as structural load and cable-gauge evaluations, ensuring safe and compliant use of LUMA's pole infrastructure.

The $9.2 million year-to-date variance in Utility Transformation operating expenditures is driven by lower-than-budgeted spending in Salaries, Wages, and Benefits; Professional and Technical Services; and Transportation, Per Diem, and Mileage. These variances reflect Q2 cash-management actions taken in response to funding shortfalls, including pausing hiring, limiting overtime, reducing workforce levels, and deferring some planned initiatives. These actions reduced travel, field training, and onboarding activity. In addition, lower volumes of third-party pole attachment applications and reductions in vendor-supported services, such as field inspections, equipment calibration, and compliance testing, contributed to underspending within Professional and Technical Services.

Support Services Operating Expenditures – Preliminary Results

LUMA's Support Services functions enable the entire enterprise to deliver the electric service. These functions include safety, physical security, emergency management, information technology and operations technology (IT/OT), environmental, legal, procurement, regulatory, finance, and other areas essential to LUMA's success in meeting its mission and achieving its key goals.

($ million)

	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	70.1	17.5	14.4	52.6	47.8	4.8	
Total Labor	**$ 70.1**	**$ 17.5**	**$ 14.4**	**$ 52.6**	**$ 47.8**	**$ 4.8**	**9%**
Non-Labor							
Materials & Supplies	11.0	2.8	1.0	8.2	2.2	6.0	
Transportation, Per Diem, and Mileage	0.8	0.3	0.7	0.7	1.8	(1.1)	
Property & Casualty Insurance	18.5	4.6	4.2	13.9	12.9	1.0	
Security	7.3	1.9	1.6	5.5	4.8	0.7	
IT Service Agreements	27.2	6.8	7.7	20.4	23.2	(2.8)	
Utilities & Rents	6.5	1.7	1.0	5.0	5.7	(0.7)	
Legal Services	7.2	1.8	2.3	5.4	8.8	(3.4)	
Communications Expenses	0.1	(0.1)	-	-	-	-	
Professional & Technical Outsourced Services	45.7	11.4	6.5	34.3	21.7	12.6	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	7.7	1.9	0.6	5.6	1.3	4.3	
Total Non-Labor / Other Operating Expense	**$ 132.0**	**$ 33.1**	**$ 25.6**	**$ 99.0**	**$ 82.4**	**$ 16.6**	**17%**
Total Operating Expense	**$ 202.1**	**$ 50.6**	**$ 40.0**	**$ 151.6**	**$ 130.2**	**$ 21.4**	**14%**

Key activities during Q3 FY2026:

- Conducted 479 field safety observations across operational areas, resulting in safety findings that informed the development and implementation of over 46 corrective action plans to ensure alignment with regulatory standards
- Completed installation of closed-circuit television systems across multiple operational sites, including Palo Seco and Vega Baja warehouses, and San Antón in Ponce, Vega Baja, Canóvanas TC, and Minillas Bayamón Técnica, to ensure continuous security at these sites
- Offered more than 5,600 hours of health, safety, and technical training to over 1,500 employees to ensure compliance with health and safety standards
- Repaired two major water lines; site vegetation clearing; and completed key equipment replacements, including new uninterruptible emergency power supply batteries for the Emergency Management System in Santurce
- Created and implemented a virtual course in support of the Safety Event Reporting Board, within the WebEOC platform, a part of Hurricane season readiness

The $21.4 million year-to-date variance in Support Services operating expenditure is driven by lower-than-budgeted spending on Salaries, Wages, and Benefits; Materials and Supplies; Professional and Technical Services; and Other Miscellaneous Expenses. These variances reflect Q2's cash management actions taken in response to funding shortfalls, including maintaining lower staffing levels, leaving positions unfilled, and reducing vehicle maintenance and outsourced services. In addition, the variance reflects a reconciliation associated with the time recording enhancement, which shifted vehicle usage and related labor costs to the corresponding projects and operating departments where the work was performed. This reallocation improved cost accuracy and transparency but reduced recorded expenditures within Support Services. Lower bank charges and tax-related expenses also contributed to the variance in Other Miscellaneous Expenses.

FY2026 Improvement Programs

LUMA's Improvement Programs address the operational 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. The following section outlines each program's key activities completed during the quarter and provides an explanation of year-to-date spending variances. Unless otherwise noted, LUMA expects to achieve all program milestones as planned.

Federal Funding Factors Impacting FY2026 Actual Expenditures

As recognized by the Energy Bureau, PREPA's FEMA Accelerated Awards Strategy (FAASt) Consolidated Project Plan List reduced the number of active Transmission and Distribution projects from 571 to 282. Although 70 additional projects were included in Attachment A of the Energy Bureau's order, these projects have not been reactivated in the Federal Emergency Management Agency (FEMA) Grants Portal and therefore remain unavailable for execution. As a result, the FY2026 budget assumptions no longer align with the active projects, leading to underspending across multiple programs.

Separately, on September 30, 2025, PREPA received approval from the United States Department of Energy (DOE) for a grant that includes funding for projects to be implemented by Genera PR, LLC (under the Thermal Generation Facilities O&M Agreement) and LUMA (under the Transmission and Distribution System O&M Agreement), both acting as agents for PREPA. LUMA's portion of the grant totals $128.5 million, accelerating the execution of critical resilience-focused projects. Of this total, $45.3 million is allocated for FY2026. As a result, FY2026 actual expenditures are also being impacted by the execution of these projects.

Improvement Portfolio Summary – Preliminary Results

($ million)

Portfolio	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	379.8	113.1	43.4	274.9	200.5	74.5	27%
Distribution	302.6	73.2	47.9	204.9	119.2	85.8	42%
Transmission	123.2	33.0	11.3	91.3	33.7	57.5	63%
Substation	147.9	40.5	31.2	104.6	86.9	17.7	17%
Control Center & Buildings	34.0	8.6	2.1	26.5	9.2	17.3	65%
Enabling	411.6	132.6	14.4	277.7	102.3	175.5	63%
Support Services	31.4	5.0	0.8	27.6	2.9	24.7	89%
Priority Stabilization Plan	45.6	12.8	23.8	32.8	35.7	-3.0	-9%
Total	**$ 1,475.9**	**$ 418.9**	**$ 174.8**	**$ 1,040.2**	**$ 590.4**	**$ 449.9**	**43%**

Capital Expenditure by Funding

Transmission & Distribution Capital Expenditures – Federally Funded – Preliminary Results

($ million)

	Federally Funded Capital[1]						
Improvement Portfolio	**FY2026 Budget[3]**	**Q3 Budget[3]**	**Q3 Actuals[3]**	**YTD Budget[3]**	**YTD Actuals[3]**	**YTD Variance ($)[3]**	**YTD Variance (%)**
Customer Experience	351.6	106.1	38.3	253.7	183.6	70.1	
Distribution	273.9	66.1	37.5	183.4	95.2	88.2	
Transmission	113.8	30.7	6.0	84.2	16.1	68.2	
Substations	119.0	33.2	22.5	82.9	67.8	15.1	
Control Center & Buildings	28.9	7.4	1.8	22.7	8.9	13.8	
Enabling	278.6	90.4	(5.2)	178.9	57.5	121.4	
Support Services	17.7	1.6	0.1	17.4	0.1	17.2	
Priority Stabilization Plan	-	-	22.0	-	22.0	(22.0)	
Subtotal	**$ 1,183.5**	**$ 335.5**	**$ 123.1**	**$ 823.3**	**$ 451.2**	**$ 372.1**	**45%**
Other							
2% Reserve for Excess Expenditures	23.7	6.7	-	16.5	-	16.5	
Total Capital Expenditures	**$ 1,207.2**	**$ 342.2**	**$ 123.1**	**$ 839.7**	**$ 451.2**	**$ 388.5**	**46%**

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

($ million)

	Non-Federally Funded Capital[1]						
Improvement Portfolio	**FY2026 Budget[3]**	**Q3 Budget[3]**	**Q3 Actuals[3]**	**YTD Budget[3]**	**YTD Actuals[3]**	**YTD Variance ($)[3]**	**YTD Variance (%)**
Customer Experience	21.4	5.4	4.7	16.1	16.0	0.1	
Distribution	28.6	7.1	10.3	21.5	24.0	(2.5)	
Transmission	9.4	2.3	5.3	7.0	17.6	(10.6)	
Substations	28.5	7.1	8.6	21.4	18.9	2.4	
Control Center & Buildings	3.6	0.9	0.2	2.7	0.2	2.5	
Enabling	32.5	11.1	9.4	21.5	11.0	10.5	
Support Services	10.5	2.6	0.2	7.8	1.2	6.6	
Priority Stabilization Plan	45.6	12.8	1.8	32.8	13.8	19.0	
Subtotal	**180.1**	**$ 49.3**	**$ 40.5**	**$ 130.8**	**$ 102.7**	**$ 28.0**	**21%**
Other							
2% Reserve for Excess Expenditures	3.6	1.0	-	2.6	-	2.6	
Total Capital Expenditures	**$ 183.7**	**$ 50.3**	**$ 40.5**	**$ 133.4**	**$ 102.7**	**$ 30.7**	**23%**

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

Customer Experience Improvement Portfolio Summary – Preliminary Results

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

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Streetlighting	**$ 203.6**	**$ 63.7**	**$ 14.2**	**$ 158.2**	**$ 84.1**	**$ 74.1**	
Federally Funded	203.6	63.7	14.2	158.2	84.1		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
AMI Implementation Program	**$ 148.0**	**$ 42.4**	**$ 24.2**	**$ 95.6**	**$ 99.6**	**$ (4.0)**	
Federally Funded	148.0	42.4	24.2	95.6	99.6		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 28.3**	**$ 7.1**	**$ 5.0**	**$ 21.2**	**$ 16.9**	**$ 4.3**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	21.4	5.4	4.7	16.1	16.0		
OpEx	6.8	1.7	0.3	5.1	0.9		
SRP	-	-	-	-	-		
Total	**$ 379.8**	**$ 113.1**	**$ 43.4**	**$ 274.9**	**$ 200.5**	**$ 74.5**	**27%**

The **Distribution Streetlighting** program focuses on upgrading and replacing hazardous or outdated distribution streetlights, prioritizing the most critical to the network. It includes installing new LED lights, updating Geographic Information System data for streetlight assets, and auditing billing records for approximately 500,000 streetlights. Under this program, LUMA has conducted a physical audit of the streetlights and assigned each a unique identifier. It leverages that information to update the CC&B system, ensuring accurate billing. The program also includes communicating with customers about corrections to the streetlight system.

Key Q3 FY2026 activities included repairing over 1,880 streetlights and replacing more than 1,470 utility poles across the municipalities of Adjuntas, Aguada, Aguadilla, Aibonito, Añasco, Arroyo, Barranquitas, Caguas, Cidra, Guánica, Gurabo, Hatillo, Jayuya, Luquillo, Mayagüez, Naguabo, Naranjito, and Orocovis. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of prioritization and the reactivation of FEMA's FAASt numbers.

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 Q3 FY2026 activities included installing 49,697 meters and 61 network devices, completing 283 network site surveys, and conducting 36,431 pre-deployment walkdowns. The team also continued the replacement of Echelon meters, with 1,419 units replaced during Q3. The year-to-date variance is

due to a higher number of meter installations than planned and the procurement of multiple complementary systems in the previous quarter to enhance meter communication, streamline maintenance processes, and improve data flow, thereby providing more accurate information and enhanced customer support.

Distribution Improvement Portfolio Summary – Preliminary Results

The **Distribution Improvement Portfolio** focuses on enhancing the distribution system through the Grid Automation, Distribution Line Rebuild, and Distribution Pole & Conductor Repair programs.

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Line Rebuild	**$ 116.8**	**$ 22.0**	**$ 3.3**	**$ 65.2**	**$ 12.5**	**$ 52.7**	
Federally Funded	111.1	20.6	1.3	60.9	8.1		
Non-Federally Funded	5.7	1.4	2.0	4.3	4.4		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Grid Automation	**$ 96.0**	**$ 26.0**	**$ 16.6**	**$ 66.5**	**$ 24.7**	**$ 41.8**	
Federally Funded	90.0	24.5	15.8	62.0	21.8		
Non-Federally Funded	6.0	1.5	0.9	4.5	2.9		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Distribution Pole & Conductor Repair	**$ 78.1**	**$ 22.3**	**$ 27.9**	**$ 65.6**	**$ 81.8**	**$ (16.2)**	
Federally Funded	61.2	18.0	20.4	52.9	65.1		
Non-Federally Funded	16.9	4.2	7.5	12.7	16.7		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 11.6**	**$ 3.0**	**$ 0.1**	**$ 7.7**	**$ 0.2**	**$ 7.5**	
Federally Funded	11.6	3.0	0.1	7.7	0.2		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 302.6**	**$ 73.2**	**$ 47.9**	**$ 204.9**	**$ 119.2**	**$ 85.8**	**42%**

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 Q3 FY2026 activities included advancing pre-construction efforts for five of the six FEMA-obligated priority feeders, finalizing construction plans for three feeders scheduled to begin in Q4 FY2026 with internal crews, and completing issue-for-bid packages for two feeders targeted to start next fiscal year following contract execution. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of prioritization and the reactivation of FEMA's FAASt numbers.

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 and 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, optimization of volt-ampere reactive power, and conservation voltage, ultimately minimizing power-delivery costs for consumers and enhancing overall customer satisfaction.

Key Q3 FY2026 activities included installing 32 three-phase reclosers and 55 single-phase reclosers. The team successfully enabled visibility into three additional reclosers by installing communication devices. FEMA approved all 13 new fund obligations for FY2026 projects, enabling planning efforts to begin immediately. In addition, under the DOE grant, the company installed 15 three-phase reclosers

and 129 single-phase reclosers and achieved visibility into five additional reclosers through communication device installations. The year-to-date variance is due to delays in funding obligations, which have delayed the timelines for procurement and 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. A comprehensive assessment of the distribution system and engineering analyses informs major repairs and replacements, prioritizing actions based on pole criticality and emergent repair needs. This process addresses high-priority poles and associated safety hazards, including the replacement of damaged equipment, conductors, and hardware.

Key Q3 FY2026 activities included installing more than 670 poles across the municipalities of Aguada, Aibonito, Barranquitas, Cabo Rojo, Ciales, Fajardo, Humacao, Juncos, Lajas, Lares, Las Marías, Las Piedras, Mayagüez, Naguabo, Orocovis, Sabana Grande, San Juan, San Lorenzo, and San Sebastián. The year-to-date variance is due to a higher pole replacements and the completion of conductor repairs than planned.

Transmission Improvement Portfolio Summary – Preliminary Results

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

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission Line Rebuild	**$ 67.7**	**$ 17.8**	**$ 4.9**	**$ 52.3**	**$ 13.9**	**$ 38.4**	
Federally Funded	66.7	17.6	4.5	51.6	10.2		
Non-Federally Funded	0.9	0.2	0.4	0.7	3.7		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Transmission Priority Pole Replacements	**$ 28.3**	**$ 5.8**	**$ 4.8**	**$ 19.0**	**$ 12.9**	**$ 6.1**	
Federally Funded	21.3	4.1	0.6	13.8	1.7		
Non-Federally Funded	7.0	1.8	4.1	5.3	11.3		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
OT Telecom Systems & Network	**$ 24.3**	**$ 8.6**	**$ 1.7**	**$ 17.8**	**$ 6.9**	**$ 10.9**	
Federally Funded	22.9	8.3	0.9	16.7	4.2		
Non-Federally Funded	1.4	0.4	0.8	1.1	2.7		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 2.9**	**$ 0.7**	**$ 0.0**	**$ 2.2**	**$ 0.0**	**$ 2.2**	
Federally Funded	2.9	0.7	0.0	2.2	0.0		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 123.2**	**$ 33.0**	**$ 11.3**	**$ 91.3**	**$ 33.7**	**$ 57.5**	**63%**

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading transmission infrastructure at 230 kV, 115 kV, and 38 kV.

Key Q3 FY2026 activities included restoring three transmission lines that had remained out of service since Hurricane María, utilizing DOE funds. This work encompassed restoration of TL450 0 from Canas TC to the La Rambla section, TL12600 from Verde Mar to group-operated air breaker 5423B, and TL13100 from Costa Sur to Messer. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of prioritization and the reactivation of FEMA's FAASt numbers.

The **Transmission Priority Pole Replacement** program includes replacing damaged overhead transmission poles, towers, and associated hardware and conductors.

Key Q3 FY2026 activities included replacing 359 insulation and hardware components, completing 22 switch repairs, executing 22 switch replacements, and performing 37 pole replacements. The year-to-date variance is due to delays in funding obligations, which have deferred the start of planned construction activities. However, Non-Federally Funded Capital emergent work executed on critical transmission lines—which required immediate attention and resource allocation—partially offset this variance.

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 Q3 FY2026 activities included completing 100% issuance of the construction design package for SCADA and remote terminal unit replacements across 27 substations. LUMA made significant progress across multiple fiber projects, including the Maunabo–Juan Martín upgrade, where final splicing was completed by the end of March, and crews began removing old fiber. Additionally, work continued on the Dorado–Bayamón optical ground wire replacement, with approximately 16,000 feet of remaining conductor completed by the end of March 2026. Remote terminal unit modernization efforts also advanced, six sites fully completed. The year-to-date variance is due to a prolonged equipment procurement process for Federally Funded projects. However, this has been partially offset by Non-Federally Funded Capital work executed on the optical ground wire fibers in the system.

Substations Improvement Portfolio Summary – Preliminary Results

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

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Substation Rebuilds	**$ 92.8**	**$ 26.4**	**$ 16.0**	**$ 62.8**	**$ 48.9**	**$ 13.9**	
Federally Funded	89.0	25.5	15.9	60.0	48.9		
Non-Federally Funded	3.8	1.0	(0.0)	2.9	0.0		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Substation Reliability	**$ 50.3**	**$ 12.4**	**$ 14.4**	**$ 37.8**	**$ 33.8**	**$ 4.0**	
Federally Funded	25.8	6.3	5.6	19.5	14.7		
Non-Federally Funded	24.5	6.1	8.6	18.3	18.9		
OpEx	-	-	0.1	-	0.2		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 4.7**	**$ 1.6**	**$ 0.9**	**$ 3.9**	**$ 4.2**	**$ (0.3)**	
Federally Funded	4.1	1.4	0.9	3.5	4.2		
Non-Federally Funded	0.2	0.0	(0.0)	0.1	0.0		
OpEx	0.4	0.1	-	0.3	-		
SRP	-	-	-	-	-		
Total	**$ 147.9**	**$ 40.5**	**$ 31.2**	**$ 104.6**	**$ 86.9**	**$ 17.7**	**17%**

The **Substation Rebuilds** program focuses on upgrading transmission and distribution substations to enhance the reliability of the electric grid.

Key Q3 FY2026 activities included completing major civil, electrical, and preparatory construction efforts across multiple sites. At Centro Médico 1 and 2, key accomplishments included finalizing the invitation for bid package, installing temporary transformer pads, and coordinating logistics for the arrival of two transformers scheduled for Q4 FY2026. Progress in Vieques and Culebra included completing the initial phase of civil work, such as geotextile installation, gravel placement, perimeter fencing, and driveway repairs. At Costa Sur, work advanced with the energization of the new Generator Circuit Breaker 50320 and Breaker 0072, while civil construction moved through its initial phase with foundation and concrete pad installations. Efforts at Río Grande focused on civil work, including installing French drains, placing gravel, and improving grounding. Year-to-date variance is due to delays in work activities supporting the substation rebuild and transformer re-energization.

The **Substation Reliability** program focuses on upgrading and reinforcing aging infrastructure to enhance system reliability.

Key Q3 FY2026 activities included completing 30 assessments, 14 as-builts, and 13 issue-for-construction packages. Technical replacements and specialized testing also progressed, including three digital fault recorder replacements, three remote terminal unit replacements, one gas-insulated switchgear replacement, one power transformer replacement, one protection automation and control functional/visual testing package, one relay settings package, and one detailed SOW FEMA award. The year-to-date variance is due to the redirection of some construction resources to support emergent work and Priority Stabilization Plan activities.

Control Center and Buildings Improvement Portfolio Summary – Preliminary Results

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]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Facilities Development & Implementation	**$ 15.0**	**$ 3.7**	**$ 0.1**	**$ 11.2**	**$ 0.3**	**$ 10.9**	
Federally Funded	11.0	2.8	0.0	8.3	(0.1)		
Non-Federally Funded	3.0	0.8	0.1	2.3	0.3		
OpEx	1.0	0.2	0.0	0.7	0.1		
SRP	-	-	-	-	-		
Critical Energy Management System Upgrades	**$ 12.6**	**$ 3.2**	**$ 1.8**	**$ 11.0**	**$ 7.3**	**$ 3.7**	
Federally Funded	12.2	3.0	1.8	10.7	7.7		
Non-Federally Funded	-	-	0.0	-	(0.4)		
OpEx	0.5	0.1	0.0	0.4	0.0		
SRP	-	-	-	-	-		
Control Center Construction & Refurbishment	**$ 5.7**	**$ 1.6**	**$ (0.0)**	**$ 3.7**	**$ 1.4**	**$ 1.6**	
Federally Funded	5.7	1.6	(0.0)	3.7	1.4		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 0.6**	**$ 0.2**	**$ 0.1**	**$ 0.5**	**$ 0.2**	**$ 0.3**	
Federally Funded	0.0	0.0	-	0.0	-		
Non-Federally Funded	0.6	0.1	0.1	0.4	0.2		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 34.0**	**$ 8.6**	**$ 2.1**	**$ 26.5**	**$ 9.2**	**$ 17.3**	**65%**

The **Facilities Development & Implementation** program focuses on construction and remediation efforts for facilities and real property.

Key Q3 FY2026 activities included the roof repairs in the Durotex Building. The year-to-date variance is due to LUMA's prioritization of critical grid operations and emergency response activities over non-essential capital and improvement initiatives.

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 Q3 FY2026 activities included staging and commissioning the new Monarch EMS at Monacillo and Luchetti, completing fiber network buildout and vendor site acceptance testing, upgrading RTUs and communication servers, advancing operator training, tuning, certification, and system application verification, deploying operator workstations, and establishing processes to keep the new EMS synchronized with the legacy system in preparation for go-live. The year-to-date variance is due to payments tied to project milestones. The vendor has initiated work but has yet to complete the project milestones established for this quarter.

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 Q3 FY2026 activities included preparing and presenting the current status of the Section 106 consultation to the DOE representatives. The year-to-date variance is due to reduced activity while awaiting the resolution of the Section 106 consultation disagreement.

Enabling Improvement Portfolio Summary – Preliminary Results

The **Enabling Improvement Portfolio** of investment projects focuses on safety and operational excellence. It comprises the Vegetation Management, Microgrids, Phasor Measurement Units, Battery Energy Storage Installations and Integration, T&D Fleet, Compliance and Studies, and Asset Data Integrity programs.

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Vegetation Management and Capital Clearing Implementation	**$ 232.2**	**$ 71.1**	**$ 12.2**	**$ 155.5**	**$ 49.2**	**$ 106.3**	
Federally Funded	158.2	46.6	4.9	98.0	24.3		
Non-Federally Funded	-	-	-	-	-		
OpEx	74.0	24.5	7.3	57.5	24.9		
SRP	-	-	-	-	-		
Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integration	**$ 70.0**	**$ 30.5**	**$ 0.4**	**$ 43.7**	**$ 2.6**	**$ 41.1**	
Federally Funded	70.0	30.5	0.4	43.7	2.6		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Compliance & Studies	**$ 44.7**	**$ 14.1**	**$ 3.4**	**$ 30.6**	**$ 14.1**	**$ 16.5**	
Federally Funded	28.3	7.1	2.9	21.2	13.5		
Non-Federally Funded	16.4	7.0	0.5	9.3	0.5		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
T&D Fleet	**$ 33.2**	**$ 8.3**	**$ 11.7**	**$ 24.9**	**$ 21.2**	**$ 3.8**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	9.2	2.3	8.7	6.9	12.4		
OpEx	24.0	6.0	2.9	18.0	8.7		
SRP	-	-	-	-	-		
Asset Data Integrity	**$ 25.2**	**$ 7.0**	**$ (0.1)**	**$ 18.2**	**$ 0.9**	**$ 17.3**	
Federally Funded	21.8	6.1	-	15.7	-		
Non-Federally Funded	3.4	0.8	(0.1)	2.5	0.9		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total[10]	**$ 6.4**	**$ 1.6**	**$ (13.2)**	**$ 4.8**	**$ 14.3**	**$ (9.5)**	
Federally Funded	0.3	0.1	(13.3)	0.2	17.1		
Non-Federally Funded	3.6	0.9	0.2	2.7	(2.9)		
OpEx	2.5	0.6	0.0	1.8	0.1		
SRP	-	-	-	-	-		
Total	**$ 411.6**	**$ 132.6**	**$ 14.4**	**$ 277.7**	**$ 102.3**	**$ 175.5**	**63%**

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 Q3 FY2026 activities included completing the assessment, trimming, and removing 28 miles of vegetation from distribution and 277 miles from transmission lines. As part of the vegetation safety and reliability federal initiative, the team assessed and cleared 106 miles of vegetation from distribution lines and 13 miles of vegetation from transmission lines. Year-to-date variance is due to delays in the obligation of funds; however, FEMA obligated funds for 12 projects on March 1, 2026, allowing for a gradual ramp-up in Q4 2026. While preventative maintenance restarted in December

[12] 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.

2025 after a one-month halt, the accumulation of payables affected vendor participation and delayed the execution of contracted work.

LUMA Quarterly Vegetation Management by Voltage Level

Voltage	FY2026 Q3 Miles			FY2026 YTD Miles			FY2026 Q3 Acres[13]			FY2026 YTD Acres[13]		
	Federally Funded Clearing[14]	OpEx Maintenance	Total Miles	Federally Funded Clearing[14]	OpEx Maintenance	Total Miles	Federally Funded Clearing[14]	OpEx Maintenance	Total Acres	Federally Funded Clearing[14]	OpEx Maintenance	Total Acres
Distribution	106	28	133	390	393	783	128	34	162	473	476	949
38 kV	-	19	19	-	72	72	-	58	58	-	217	217
115 kV	12	159	172	14	384	398	154	1,927	2,081	170	4,660	4,830
230 kV	-	99	99	-	237	237	-	1,200	1,200	-	2,875	2,875
Total	**118**	**305**	**423**	**404**	**1,086**	**1,490**	**282**	**3,219**	**3,501**	**643**	**8,229**	**8,872**

The **Microgrid, Phasor Measurement Units, and Battery Energy Storage Installations and Integration** program supports projects that enhance system reliability and resilience, restore functionality, and mitigate safety hazards.

Key Q3 FY2026 activities include making progress toward the 60% microgrid design by engaging an architecture and engineering firm to advance development prior to resubmitting the detailed SOW for the Vieques and Culebra microgrids. The year-to-date variance is due to logistical adjustments to architecture and engineering engagement during the microgrid design, prior to resubmitting the detailed SOW.

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 Q3 FY2026 activities included substation rebuild scoping activities, along with ongoing support for the arrival of incoming transformers scheduled for later in the year. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of prioritization and the reactivation of FEMA's FAASt numbers.

The **T&D Fleet** program focuses on upgrading the existing fleet of vehicles, aircraft, and equipment to meet industry standards. It focuses on initiating and improving processes for data collection, asset repair, and maintenance.

Key Q3 FY2026 activities included completing a twelve-year scheduled maintenance on two helicopters, acquiring two additional Super Puma engines, and fully restoring both aircraft. Completing 345 Department of Transportation inspections and 175 American National Standards Institute vehicle compliance inspections. Additionally, provided targeted training on cardiopulmonary resuscitation to two mechanics, road intervention training to 80–100 employees, driver vehicle inspection report training to 21 employees, and the Negociado de Transporte y Servicio Público

[13] To calculate acres from miles, the methodology converts the miles to feet by multiplying by 5,280. The calculation assumes a specific right-of-way width for each voltage level: distribution = 10 ft, 38 kV = 25 ft, and 115 and 230 kV = 100 ft). Multiplying the linear feet by the ROW width determines the square feet completed, which the team then divides by 43,560 to arrive at the final acreage.
[14] For federally funded miles and acres, the figure includes both completed work and miles assessed as clear spans.

digital platform training to 80 employees. The year-to-date variance is due to an increased in in-house maintenance and repair work.

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 Q3 FY2026 activities included configuring substation preventive maintenance programs, developing training materials to support the work-request-to-work-order process, and implementing core work management capabilities for protection and controls. The year-to-date variance is due to delays in the IT/OT process, which prevented us from beginning configuration of the design engineering module.

Support Services Improvement Portfolio Summary – Preliminary Results

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

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
IT OT Asset Management	**$ 23.5**	**$ 3.1**	**$ 0.2**	**$ 21.9**	**$ 1.2**	**$ 20.7**	
Federally Funded	17.4	1.6	0.0	17.3	0.0		
Non-Federally Funded	6.1	1.5	0.2	4.5	1.1		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
IT OT Enablement Program	**$ 1.9**	**$ 0.5**	**$ -**	**$ 1.4**	**$ 0.0**	**$ 1.4**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	1.9	0.5	-	1.4	0.0		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Critical Financial Systems	**$ 2.0**	**$ 0.5**	**$ (0.0)**	**$ 1.5**	**$ 0.1**	**$ 1.4**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	1.8	0.5	(0.0)	1.4	0.0		
OpEx	0.2	0.0	-	0.1	0.1		
SRP	-	-	-	-	-		
Critical Financial Controls	**$ 1.6**	**$ 0.4**	**$ 0.1**	**$ 1.2**	**$ 0.6**	**$ 0.6**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	1.6	0.4	0.1	1.2	0.6		
SRP	-	-	-	-	-		
Update to Third Party Use, Audit, Contract and Billing Procedures	**$ -**	**$ -**	**$ 0.5**	**$ -**	**$ 0.9**	**$ (0.9)**	
Federally Funded	-	-	0.1	-	0.1		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	0.3	-	0.7		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 2.4**	**$ 0.6**	**$ 0.0**	**$ 1.6**	**$ 0.1**	**$ 1.5**	
Federally Funded	0.3	0.1	-	0.1	-		
Non-Federally Funded	0.7	0.2	-	0.5	0.1		
OpEx	1.4	0.3	0.0	1.0	0.1		
SRP	-	-	-	-	-		
Total	**$ 31.4**	**$ 5.0**	**$ 0.8**	**$ 27.6**	**$ 2.9**	**$ 24.7**	**89%**

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 encompasses developing a new backup data center to enhance the reliability and resilience of technology systems.

Key Q3 FY2026 activities included completing LUMA Enterprise 360-corrective maintenance work for protection and control, while preparing the development and user acceptance testing environments, and completing the integration demonstration between Asset Suite and Service Suite. Additional work included executing and delivering the Hardware Legacy Phase 2 purchase order and replacing end-of-life hardware at the LUMA Disaster Recovery Center. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of prioritization and the reactivation of FEMA's FAASt numbers.

The **IT OT Enablement** program will implement capabilities to deliver and maintain IT/OT services and systems, enabling LUMA employees to operate in accordance with industry best practices, ensure systems compliance, and standardize processes and tools.

Key Q3 FY2026 activities were limited, as no major implementation activities were achieved during the quarter. The year-to-date variance is due to liquidity constraints in 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 across financial, risk, and supply chain management.

Key Q3 FY2026 activities were limited, as no major implementation activities were conducted during the quarter. The year-to-date variance is 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 Q3 FY2026 activities were limited, as no major implementation activities were conducted during the quarter. The year-to-date variance is due to ongoing liquidity constraints in 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 Q3 FY2026 activities included issuing a total of 4,023 notifications to ensure the proper transfer of telecommunication infrastructure to newly replaced utility poles; sending 11 notices regarding operational support and emergency cases to telecommunication companies; and processing TPA applications for new telecommunication infrastructure to be attached to poles. Year-to-date spending was higher than expected due to coordination with telecommunications companies for upcoming distribution systems.

Third-Party Attachment Additional Requirements

Third party Attachment Rental Fee					
Fiscal Year	**Status**	**Attachments**	**Billed[13]**	**Q3 Collected**	**Inception to date collected[14]**
FY2025	Current	456,893	$3,768,624	$0	(588,329)
FY2024	Current	456,792	$3,887,923	$0	(938,291)
FY2023	Past Due	452,657	$3,846,440	$0	(817,050)
FY2022	Past Due	429,438	$3,663,477	$0	(769,562)
	Totals		**$15,166,464**	**$ -**	**($3,113,232)**

Actions LUMA took to address non-compliant attachers:

- Continued to evaluate and process pole attachment applications from all telecommunications companies throughout the fiscal year
- Continued negotiations on the new pole attachment rate (calculated using the Federal Communications Commission Pole Attachment Rate Formula), which was presented to carriers in Q2
- Published on the official LUMA website, guidelines, standards, and processes related to Third Party Attachments on the Other Groups Section
- Sent non-compliance letters to carriers with unauthorized list of attachments and continued legal conversations for the permit process for those attachments
- Received approval from the Department of Energy for a Utility Pole Abatement project to coordinate the removal of abandoned, non-compliant, or unauthorized attachments

Challenges in implementing the TPA management program:

- Active pursuit of Third-Party Attachment agreements with telecommunications providers over the past three years
- Lack of finalized agreements to date, despite sustained efforts
  - Although there was an increased participation by telecommunications companies during Q3 in transferring attachments to newly replaced poles, particularly for Distribution Line Rebuild projects, there are still some that are non-compliant with Act 83-1941 (as amended) and with the Puerto Rico Regulation 9090, which requires:
  - participation in construction projects, and
  - timely transfer of third-party attachments to newly installed infrastructure
- Significant impact of non-compliance, which:
  - hinders LUMA's ability to initiate the reimbursement requisition process
  - delays the completion of critical infrastructure projects
- Absence of an accurate and comprehensive inventory from telecommunications companies, complicating compliance, coordination, and planning

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

Proposed solutions:

- Continued development of a new draft pole attachment license agreement, to be shared with telecommunication companies in Q4 of this fiscal year, to address key issues and controversies in TPA management
- Shared a joint-use agreement with municipalities for the use of PREPA poles for security cameras and surveillance systems, as required by the PREPA Technical Communication 07-03, with an agreement signed with the Municipality of Cabo Rojo on February 27, 2026; this agreement will enable non-telecommunication TPAs to comply while providing additional revenue through annual fees and electricity consumption
- Proposed the enforcement of Act 83-1941 and Regulation 9090 to ensure federal projects continue through the established federal close-out process, while presenting alternatives to the Government of Puerto Rico in collaboration with telecommunications companies, including allocating additional funding for pole-attachment inventory and TPA transfers to new poles, thereby enabling the removal and close-out of federal projects
- Maintained communications with the Telecommunications Bureau to determine legal and regulatory actions for unauthorized and non-compliant attachments, including initiating legal action and sending violation notices (For instance, LUMA initiated legal action and sent notices of violation to two telecommunications carriers after identifying findings of severe non-compliance and the installation of unauthorized attachments.)
- Performed pre-surveys and surveys of poles in compliance with the DOE Utility Pole Abatement project, including sending notices for the removal of abandoned cables at the carriers' expense; if no action is taken, LUMA will complete the corrective action with the funding provided by the grant program

Priority Stabilization Plan Portfolio Summary – Preliminary Results

($ million)

Program	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Priority Stabilization Plan	**$ 45.6**	**$ 12.8**	**$ 23.8**	**$ 32.8**	**$ 35.7**	**$ (3.0)**	
Federally Funded	-	-	22.0	-	22.0	-	
Non-Federally Funded	45.6	12.8	1.8	32.8	13.8	19.0	
OpEx	-	-	-	-	-	-	
SRP	-	-	-	-	-	-	
Total	**$ 45.6**	**$ 12.8**	**$ 23.8**	**$ 32.8**	**$ 35.7**	**$ (3.0)**	**-9%**

The **Priority Stabilization Plan** portfolio encompasses a subset of initiatives approved under the Electric System Priority Stabilization Two-Year Plan[17].

Key Q3 FY2026 activities included the successful completion of two additional relay replacements at the Cambalache TC and Arecibo Sect sites, as well as insulation and hardware replacements on Line 2200 (Factor SECT – Barceloneta TC). Transmission line hardening and maintenance work on project 16500-Fajardo TC – Dos Marinas was completed ahead of schedule in March 2026. Hot spot repairs were performed on Line 3100 (Canóvanas SECT – Río Grande TO), and repairs of broken overhead ground wires were completed on Lines 3200 and 4500 (Cañas TC – La Rambla SECT), also ahead of schedule in March 2026. The year-to-date variance is driven by additional scope and funding available under the DOE grant.

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

FY2026 Shared Services

LUMA provides Shared Services—essential administrative and managerial functions—to PREPA and the Legacy Generation Assets that Genera PR has operated since July 1, 2023. While Annex VI of the T&D OMA initially outlined these responsibilities, a Shared Services Agreement (SSA) between PREPA, P3A, and LUMA took effect on June 1, 2021. Although the original SSA expired on December 31, 2023, neither PREPA nor Genera PR was prepared to assume these functions at that time. Consequently, LUMA entered into an Amended and Restated Shared Services Agreement (A&R SSA) with each party on January 1, 2024, to ensure stable utility operations.

Under the terms of these A&R SSAs, LUMA provided shared services through several transition periods. Genera PR successfully concluded its transition on February 28, 2025. PREPA, however, has repeatedly confirmed its inability to assume its designated responsibilities. Following five prior extensions, the parties executed the most recent amendment on December 31, 2025, extending services through June 30, 2026. LUMA currently supports PREPA in two primary areas: Information Technology and Operational Technology (IT/OT) infrastructure and Finance and Accounting services.

While the A&R SSAs originally covered insurance for PREPA's assets, the Insurance Collaboration Agreement has managed these requirements since FY2025 for LUMA, PREPA, and Genera. LUMA treats all associated costs as pass-through expenditures without markup, maintaining consistency with the T&D OMA.

Despite this continued support, PREPA has not yet met the milestones essential for full separation as established in its Fiscal Plan. Specifically, PREPA's biweekly reports fail to meet the requirements outlined in the A&R SSA. Furthermore, PREPA has yet to establish a comprehensive financial governance framework or create the legal entity for GridCo, both of which are required to segregate Transmission and Distribution assets properly. These unresolved issues and the continued reliance on Shared Services extensions hinder the development of integrated financial statements and pose significant challenges to PREPA's reorganization.

Shared Services Summary – Preliminary Results

($ million)

	FY2026 Budget[3]	Q3 Budget[3]	Q3 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance [3] ($)	YTD Variance (%)
Labor	0.4	0.1	0.3	0.3	0.9	(0.6)	
Property & Casualty Insurance	61.9	15.5	0.4	46.4	1.1	45.3	
IT Service Agreements	0.9	0.2	0.3	0.7	0.9	(0.2)	
Legal Services	-	-	-	-	(2.5)	2.5	
Professional & Technical Outsourced Services	-	-	-	-	0.1	(0.1)	
Other	-	-	0.1	-	0.2	(0.2)	
Shared Services Total	**$ 63.2**	**$ 15.8**	**$ 1.1**	**$ 47.4**	**$ 0.7**	**$ 46.7**	**99%**

The variance in property insurance premiums compared to the budget is primarily due to the inclusion of Genera's and PREPA's budgeted portions, which were not part of the original allocation.

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.

Exhibit 2

Supporting schedules worksheet to be submitted via email