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 Fourth Quarter of Fiscal Year 2026**

MOTION TO SUBMIT QUARTERLY REPORT FOR THE FOURTH 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 (the "Energy Bureau") a *Request for Approval of the System Remediation Plan* (the "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 (the "P3 Authority") (the "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 (the "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 (the "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 (the "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 Order, 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 fourth quarter of Fiscal Year 2026 ending June 30, 2026 (the "Q4 Report"). The Q4 Report contains the information required in Section IV, paragraphs 1 through 3 of the June 23rd Order.

6. This Q4 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 Q4 Report filed herein also meets LUMA's quarterly reporting obligations under the T&D OMA and, therefore, 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 the 14th day of August 2026.

WE HEREBY CERTIFY that this motion was filed using the electronic filing system of this Energy Bureau. We also certify that a 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, jfernandez@ecija.com, legal@genera-pr.com; and regulatory@genera-pr.com.

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/s/ Jan M. Albino López
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RUA NÚM. 22,891
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Exhibit 1

Q4 Report

Supporting schedules to be submitted via email

Informe trimestral de LUMA

para el cuarto trimestre (Q4) del año fiscal 2026

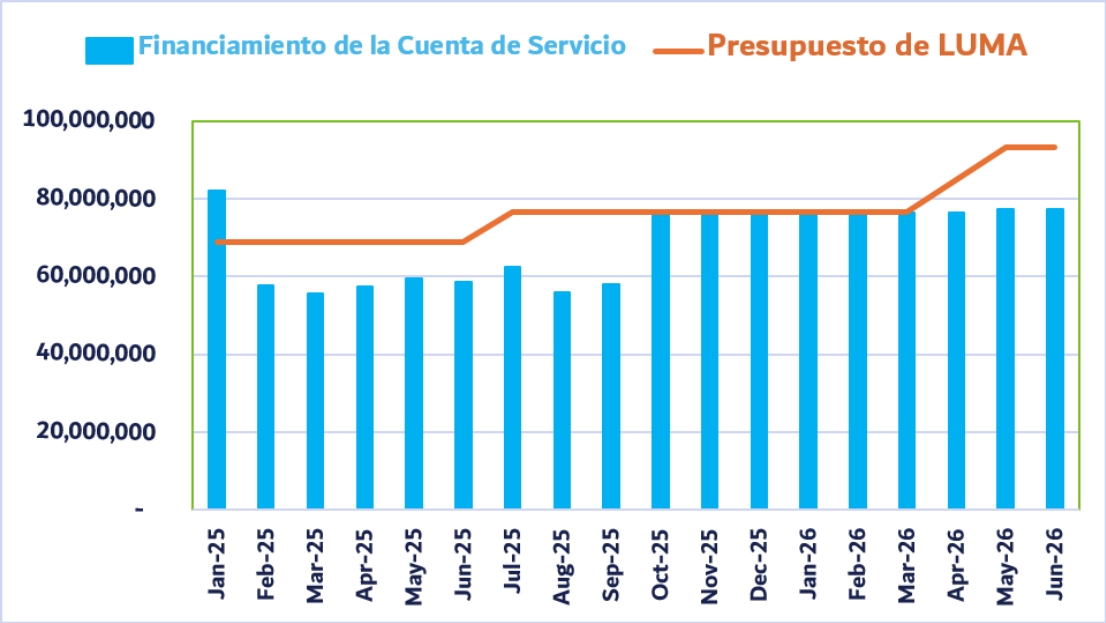
que termina el 30 de junio de 2026

Declaración introductoria

Durante el cuarto trimestre del año fiscal 2026, LUMA continuó impulsando iniciativas clave para la red eléctrica, el servicio al cliente y la confiabilidad del sistema, mientras operaba con limitaciones financieras que condicionaron su ejecución a lo largo del año fiscal. El trimestre estuvo marcado por la implementación del presupuesto aprobado del año fiscal 2026, tras la Orden de Tarifas Permanentes del 15 de abril de 2026, que incrementó retroactivamente el presupuesto aprobado para Transmisión y Distribución (T&D) después de que la mayor parte del año fiscal se hubiera ejecutado bajo el Presupuesto Provisional. Al mismo tiempo, la Autoridad de Energía Eléctrica de Puerto Rico (AEE) no ajustó la cantidad depositada mensualmente en las Cuentas de Servicio de LUMA para reflejar el presupuesto final aprobado por el Negociado de Energía de Puerto Rico. Igualmente, durante todo el año fiscal 2026, los depósitos en las Cuentas de Servicio de LUMA realizados por la AEE continuaron por debajo de los niveles mínimos de financiación establecidos por el Acuerdo para la Operación y Mantenimiento del Sistema de Transmisión y Distribución de Puerto Rico. Ambas circunstancias limitaron la disponibilidad de efectivo y condicionaron las capacidades operacionales de LUMA.

La ejecución del año fiscal 2026 se vio inicialmente condicionada por la falta de capital y efectivo acumulada durante los primeros nueve meses del año calendario 2025, producto de una insuficiencia en los depósitos realizados por la AEE en las cuentas operacionales y de capital no financiadas federalmente de LUMA ascendente a $96.3 millones. Estas condiciones obligaron a LUMA a distribuir los fondos disponibles para priorizar las actividades críticas de mantenimiento, la respuesta a interrupciones de servicio, la respuesta a emergencias y proyectos de modernización esenciales, lo que conllevó aplazar las actividades para las cuales no era posible asignar fondos. En octubre de 2025, la AEE comenzó a depositar una cantidad equivalente a un mes del Presupuesto Provisional aprobado por el Negociado de Energía. A medida que comenzaron a depositarse dichos fondos, LUMA realizó los ajustes necesarios para aumentar la cantidad de trabajo que podía realizar; sin embargo, los efectos de las limitaciones presupuestarias anteriores, incluidas las obligaciones acumuladas y las limitaciones en la participación de proveedores, afectaron el ritmo con que se podían emprender trabajos adicionales.

Figura 1 – Depósitos de fondos de la Cuenta de Servicio en comparación con el Presupuesto de LUMA



El 15 de abril de 2026, el Negociado de Energía emitió la Orden Final de Tarifas Permanentes que establece el presupuesto permanente para el año fiscal 2026. El presupuesto de T&D para el año fiscal 2026 aumentó de $780.2 millones a aproximadamente $970.5 millones, un incremento de $190.3 millones, equivalente al 24.4 %. Sin embargo, la Orden Final de Tarifas Permanentes se emitió dos meses y medio antes de finalizar el año fiscal. Para entonces, LUMA se encontraba en una etapa avanzada en la ejecución del plan operacional y capital basado en el Presupuesto Provisional. En consecuencia, el aumento del presupuesto autorizado por la Orden Final de Tarifas Permanentes se produjo después de que la mayoría de las decisiones de ejecución para el año fiscal 2026 ya se habían adoptado.

Igualmente, si bien la Orden Final de Tarifas Permanentes incrementó el presupuesto de T&D para el año fiscal 2026, la AEE no ajustó los depósitos correspondientes a las Cuentas de Servicio de LUMA para coincidir con el nuevo presupuesto anual autorizado por el Negociado de Energía. En consecuencia, el incremento en presupuesto autorizado no se tradujo en un aumento en el nivel de financiación mensual disponible a LUMA. Por esta razón, las varianzas reflejadas en los resultados del cuarto trimestre y de fin de año deben considerarse en el contexto de la disponibilidad de fondos y la transición del Presupuesto Provisional al presupuesto permanente del año fiscal 2026.

Para continuar construyendo un mejor futuro energético para todos los clientes, LUMA durante el año fiscal 2026:

- reemplazó más de 11,900 postes de distribución rotos o dañados
- reemplazó o reparó más de 11,500 luminarias
- comisionó el nuevo Sistema de Gestión de Energía (EMS, por sus siglas en inglés), habilitando un control moderno y avanzando de la red y respaldando futuras capacidades de ADMS y AMI.
- instaló más de 920 dispositivos de automatización y protección en las líneas de distribución para mejorar la confiabilidad del sistema
- completó más de 14,509 horas de capacitación en salud y seguridad en el trabajo

LUMA Quarterly Report

for the Fourth Quarter (Q4) of Fiscal Year 2026

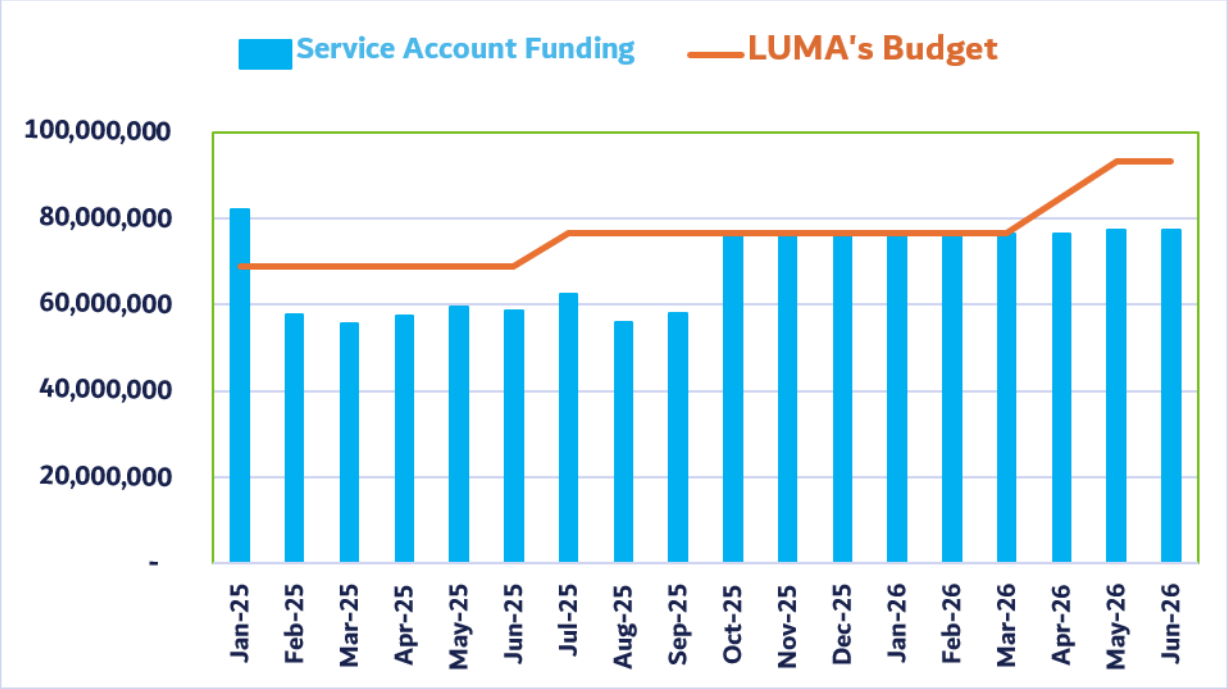
ending June 30, 2026

Introductory Statement

During the fourth quarter of Fiscal Year 2026, LUMA continued advancing critical grid, customer service, and reliability initiatives while operating within the financial constraints that shaped execution throughout the fiscal year. The quarter was marked by the implementation of the permanent FY2026 budget following the April 15, 2026, Final Rate Order, which retroactively increased the approved Transmission and Distribution (T&D) budget after most of the fiscal year had already been executed under the Provisional Budget. At the same time, the Puerto Rico Electric Power Authority (PREPA) did not adjust the monthly deposits into LUMA Service Accounts to reflect the final budget approved by the Puerto Rico Energy Bureau. Similarly, throughout fiscal year 2026, PREPA's deposits into LUMA's Service Accounts remained below the minimum funding levels established by Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA). Both of these circumstances limited cash availability and constrained LUMA's operational capabilities.

Fiscal year 2026 execution was initially constrained by insufficient capital and cash accumulated during the first nine months of calendar year 2025, resulting from a $96.3 million shortfall in PREPA deposits on LUMA's operating and non-federally funded capital accounts. These conditions required LUMA to allocate available funds to critical maintenance, service disruption and emergency response efforts, and essential modernization projects, thereby deferring activities without designated funding. In October 2025, PREPA began depositing an amount equivalent to one month of the Provisional Budget approved by the Energy Bureau. As these funds were deposited, LUMA adjusted its operations to expand its work capacity; however, lingering effects of earlier funding constraints—including accumulated obligations and limited vendor participation—continued to affect the pace at which it could execute additional work.

Figure 1 – Service Account Funding against LUMA's Budget



On April 15, 2026, the Energy Bureau issued the Final Rate Order establishing the permanent FY2026 budget. The FY2026 T&D Budget increased from $780.2 million to approximately $970.5 million, an increase of $190.3

million, or 24.4 percent. However, the Final Rate Order was issued two and a half months before the fiscal year ended. By then, LUMA was well advanced in executing its operating and capital plans based on the Provisional Budget. Consequently, the budget increase authorized by the Final Permanent Rate Order occurred after most of the implementing decisions for fiscal year 2026 had already been made.

Similarly, although the Final Rate Order increased the T&D budget for fiscal year 2026, PREPA did not adjust the corresponding deposits into LUMA's Service Account to match the new annual budget authorized by the Energy Bureau. Consequently, the increase in the authorized budget did not translate into an increase in the level of monthly funding available to LUMA. For this reason, the variances reflected in the fourth-quarter and year-end results should be considered in the context of funding availability and the transition from the Provisional Budget to the Permanent Budget for fiscal year 2026.

Progress for Puerto Rico during Fiscal Year 2026

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

- replaced over 11,900 broken and damaged distribution utility poles
- replaced or repaired over 11,500 streetlights
- commissioned the new EMS, enabling modern grid control, supporting future ADMS (Advanced Distribution Management System) and AMI capabilities
- installed over 920 distribution automation and protection devices in the distribution lines to enhance reliability
- completed more than 14,509 training hours in health and safety on the job

Table of Contents

Q4 FY2026 Preliminary Financial Performance

As of June 30, 2026, LUMA had utilized 64.6% of the annual operational and non-federally funded capital budget approved by Energy Bureau on April 15, 2026. This execution reflects the lasting effects of the underfunding by PREPA between February and October 2025, as well as the cumulative underfunding of LUMA's Service Account under the T&D OMA. Although the April 15, 2026, Final Rate Order increased the approved FY2026 budget by 24.4%, it was issued with only two and a half months remaining in the fiscal year, limiting the ability to translate the additional budget into incremental execution. PREPA also underfunded LUMA's Service Account in May and June of 2026, further limiting LUMA's ability to access capital to support the increased expenditures authorized in the revised FY2026 Annual Budget.

Summary of Q4 of FY2026 Spending – Preliminary Results

($ million)

	FY2026 Budget[1,3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures	$ 770.1	$ 324.8	$ 136.7	$ 770.1	$ 502.4	$ 267.7	
Non-Federally Funded Capital Expenditures	$ 199.0	$ 65.6	$ 21.3	$ 199.0	$ 124.2	$ 74.8	
Subtotal[2]	**$ 969.1**	**$ 390.4**	**$ 158.0**	**$ 969.1**	**$ 626.6**	**$ 342.5**	**35%**
Federally Funded Expenditures[4]	**$ 1,207.2**	**$ 367.4**	**$ 128.4**	**$ 1,207.2**	**$ 581.9**	**$ 625.3**	**52%**

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	Q4 Forecast	Q4 Actuals	YTD Forecast	YTD Actuals	YTD Variance
Total Consumption (GWh)[5]	16,022	4,068	4,061	16,022	16,255	233
Base Revenue (millions) [6,7]	$ 1,160	$ 294	$ 280	$ 1,160	$ 1,112	$ (48)

Disclaimer

This document presents LUMA's Quarterly Report on the operation of the Puerto Rico Transmission and Distribution (T&D) system for the fourth quarter of FY2026, from April 1, 2026, to June 30, 2026, in compliance with Puerto Rico Energy Bureau requirements. The information presented in this quarterly report is preliminary and subject to revision upon completion of the year-end financial closing process and ongoing reconciliation of federally funded expenditures. As part of this reconciliation, LUMA reviews operating and capital expenditures (both federal and non-federal) to ensure they are classified in compliance with applicable accounting standards and requirements and that they are appropriately reflected in year-end financial statements. Depending on the outcome of this review, costs may require reclassification between operation and maintenance, non-federally funded capital expenditures and federally funded capital expenditures. Accordingly, the results reflected in this report should be treated as illustrative and should not be interpreted as final.

[1] Numbers in this report reflect PREB's April 15, 2026, Final Rate Order.
[2] Budget figures above include the 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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	335.7	125.4	71.3	335.7	265.2	70.5	
Total Labor	**$ 335.7**	**$ 125.4**	**$ 71.3**	**$ 335.7**	**$ 265.2**	**$ 70.5**	**21%**
Non-Labor							
Materials & Supplies	33.2	13.7	7.6	33.2	20.3	12.9	
Transportation, Per Diem, and Mileage	16.4	7.5	3.6	16.4	10.5	5.9	
Property & Casualty Insurance	18.5	4.6	5.0	18.5	17.9	0.6	
Security	7.5	2.0	1.6	7.5	6.4	1.1	
IT Service Agreements	47.6	27.2	8.9	47.6	32.1	15.5	
Utilities & Rents	19.2	12.6	1.8	19.2	9.1	10.1	
Legal Services	12.4	6.2	2.2	12.4	11.9	0.5	
Communications Expenses	1.8	1.7	0.1	1.8	0.2	1.6	
Professional & Technical Outsourced Services	139.6	53.9	22.5	139.6	89.4	50.2	
Vegetation Management	125.0	71.5	13.6	125.0	38.5	86.5	
Other Miscellaneous Expenses	6.9	0.9	(1.5)	6.9	0.9	6.0	
Total Non-Labor / Other Operating Expense	**$ 428.1**	**$ 201.8**	**$ 65.4**	**$ 428.1**	**$ 237.2**	**$ 190.9**	**45%**
Subtotal	**$ 763.8**	**$ 327.2**	**$ 136.7**	**$ 763.8**	**$ 502.4**	**$ 261.4**	**34%**
Reserve for Excess Expenditures [8]	6.3	(2.4)	-	6.3	-	6.3	
Total Operating Expenditures	**$ 770.1**	**$ 324.8**	**$ 136.7**	**$ 770.1**	**$ 502.4**	**$ 267.7**	**35%**

[8] Negative budget figures reflect Final Rate Order reductions adjusted prospectively in June (Q4)

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	45.6	11.4	11.3	45.6	41.8	3.8	
Total Labor	**$ 45.6**	**$ 11.4**	**$ 11.3**	**$ 45.6**	**$ 41.8**	**$ 3.8**	**8%**
Non-Labor							
Materials & Supplies	-	-	0.1	-	0.1	(0.1)	
Transportation, Per Diem, and Mileage	0.4	0.1	0.1	0.4	0.3	0.1	
Property & Casualty Insurance	0.4	0.4	-	0.4	-	0.4	
Security	-	-	-	-	-	-	
IT Service Agreements	-	-	0.9	-	0.9	(0.9)	
Utilities & Rents	0.2	0.1	-	0.2	0.1	0.1	
Legal Services	-	-	-	-	-	-	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	46.4	13.7	12.0	46.4	42.8	3.6	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	-	(0.1)	-	-	0.1	(0.1)	
Total Non-Labor / Other Operating Expense	**$ 47.4**	**$ 14.2**	**$ 13.1**	**$ 47.4**	**$ 44.3**	**$ 3.1**	**7%**
Total Operating Expense	**$ 93.0**	**$ 25.6**	**$ 24.4**	**$ 93.0**	**$ 86.1**	**$ 6.9**	**7%**

Key activities during Q4 FY2026:

- Managed more than 423,000 outbound calls, secured over 14,800 payment agreements, and recovered over $79.3 million in past-due balances to improve LUMA's overall collection efforts
- Strengthened revenue protection by executing over 5,200 non-payment service disconnections, issuing more than 15,900 thirty-day prior notices and sending over 46,200 overdue payment reminders to drive compliance
- Served 502,413 customers in regional Customer Experience offices with an average 11-minute wait time and answered 408,525 calls with an average six-minute handle time
- Supported 33 community events across the municipalities of Arecibo, Yauco, Bayamón, San Juan, Ponce, Carolina, Aguadilla, Vega Alta, Naguabo, Salinas, Moca, Caguas, Añasco, and Las Marías to educate the public on field-based operations and ongoing projects aimed at minimizing outages

The $6.9 million year-to-date variance in Customer Experience operating expenditure is driven by lower-than-budgeted spending on Salaries, Wages, and Benefits, as well as reduced spending on Professional and Technical Services. These underspends resulted from deferred planned hiring and several Customer Care and Billing (CC&B) initiatives that were postponed due to liquidity constraints earlier in the fiscal year. As liquidity improved, the business initiated a ramp-up in overtime and professional services to support CC&B configuration and payment processing activities. However, due to the time required to complete implementation milestones, deferred initiatives could not be fully executed before year-end, leaving both labor and professional services below budget.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	168.2	61.8	36.3	168.2	139.8	28.4	
Total Labor	**$ 168.2**	**$ 61.8**	**$ 36.3**	**$ 168.2**	**$ 139.8**	**$ 28.4**	**17%**
Non-Labor							
Materials & Supplies	14.5	4.8	4.6	14.5	14.0	0.5	
Transportation, Per Diem, and Mileage	6.0	0.9	2.3	6.0	6.5	(0.5)	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	1.1	1.1	-	1.1	-	1.1	
Utilities & Rents	1.7	0.8	0.2	1.7	1.0	0.7	
Legal Services	1.6	1.6	0.1	1.6	0.1	1.5	
Communications Expenses	-	(0.1)	-	-	0.1	(0.1)	
Professional & Technical Outsourced Services	36.9	23.7	3.2	36.9	14.7	22.2	
Vegetation Management	125.0	71.5	13.6	125.0	38.5	86.5	
Other Miscellaneous Expense	-	(0.3)	0.3	-	0.5	(0.5)	
Total Non-Labor / Other Operating Expense	**$ 186.8**	**$ 104.0**	**$ 24.3**	**$ 186.8**	**$ 75.4**	**$ 111.4**	**60%**
Total Operating Expense	**$ 355.0**	**$ 165.8**	**$ 60.6**	**$ 355.0**	**$ 215.2**	**$ 139.8**	**39%**

Key activities during Q4 FY2026:

- Replaced thirteen 38 kV and two 115 kV structures to enhance service reliability and maintain system integrity
- Managed vegetation along 108 miles of distribution lines and 180 miles of 38 kV, 115 kV, and 230 kV transmission lines
- Upgraded insulated hardware across two hundred forty-three 38 kV, thirty-four 115 kV, and one hundred thirty-seven 230 kV line structures
- Replaced switches on forty-five 38 kV transmission lines, two 115 kV transmission lines, and one 230 kV transmission lines
- Completed 31 metering system inspections for 38 kV accounts to verify meter programming, accuracy, and wiring, while recycling and reinstating 10,940 meters into inventory
- Performed 452 preventive maintenance tasks, including thermography inspections, battery bank checks, breaker testing, and transformer inspections, while completing 105 corrective maintenance tasks to repair hot spots, bus supports, oil leaks, switches and breakers

The $139.8 million year-to-date variance in Operations' operating expenditures primarily reflects the timing of the FY2026 budget approval and the limited period available to execute the expanded scope. Operations' budget increased from $254.5 million under the Provisional Budget to $355.1 million under the Final Rate Order, with the largest increases in Labor, Professional and Technical Services, and Vegetation Management. The Final Rate Order was issued with only two and a half months remaining in the fiscal year, limiting the ability to fully execute the additional approved scope. This was particularly relevant to Vegetation Management, where work had been halted earlier in the fiscal year due to cash constraints and despite efforts to ramp up execution, the compressed timeline limited the full implementation of planned FY2026 initiatives. The resulting variance therefore

primarily reflects the timing of the increased budget and the resulting execution limitations, rather than a reduction in the underlying operational requirements.

LUMA Electrical Utility Field Workers

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

Electrical Utility Field Worker Type	Electrical Utility Field Worker as of June 30, 2026 [11]
Utility electrician	104
Apprentice underground technician	8
Underground Technician	7
Apprentice substation technician[10]	82
Substation technician[9]	60
Senior substation technician[9]	18
Meter technicians	27
Low-voltage technician	106
Foreman[9]	106
Foreman - low voltage	30
Apprentice lineworker, 1st period	16
Apprentice lineworker, 2nd period	7
Apprentice lineworker, 3rd period	21
Apprentice lineworker, 4th period[10]	24
Apprentice lineworker, 5th period[10]	21
Apprentice lineworker, 6th period[10]	26
Apprentice lineworker, 7th period[10]	95
Journeyman lineworker[9]	367
Total	**1,125**

The FY2026 budget includes 1,651 full-time electrical utility field workers, of which 1,125 positions are currently filled, resulting in a net increase of 25 new hires compared to Q3. LUMA continued strengthening the skilled-trades pipeline by recruiting qualified journeyman talent and expanding the pool of apprentices positioned for long-term development across critical operational areas. 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. This environment reinforces the commitment to identifying, developing, and retaining the skilled workforce required to sustain critical utility functions, while ensuring apprenticeship programs remain a reliable feeder into future journeyperson roles as the organization's field skill pipelines continue to mature.

[9] These electrical utility field workers are qualified to work on energized lines.
[10] These electrical utility field workers are qualified to work on energized lines, either independently or under the supervision of a journeyperson lineworker or journeyperson substation technician.
[11] The figures reflect the full-time employees and exclude 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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	30.5	13.4	8.9	30.5	21.0	9.5	
Total Labor	**$ 30.5**	**$ 13.4**	**$ 8.9**	**$ 30.5**	**$ 21.0**	**$ 9.5**	**31%**
Non-Labor							
Materials & Supplies	1.8	0.2	0.2	1.8	1.3	0.5	
Transportation, Per Diem, and Mileage	2.8	-	0.9	2.8	1.6	1.2	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.2	0.2	-	0.2	-	0.2	
Utilities & Rents	6.4	5.8	0.2	6.4	0.9	5.5	
Legal Services	1.0	0.2	0.1	1.0	1.0	-	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	8.7	3.2	2.3	8.7	5.2	3.5	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	0.1	0.1	(0.8)	0.1	-	0.1	
Total Non-Labor / Other Operating Expense	**$ 21.0**	**$ 9.7**	**$ 2.9**	**$ 21.0**	**$ 10.0**	**$ 11.0**	**52%**
Total Operating Expense	**$ 51.5**	**$ 23.1**	**$ 11.8**	**$ 51.5**	**$ 31.0**	**$ 20.5**	**40%**

Key activities during Q4 FY2026:

- Completed 18 substation load-transfer studies to support maintenance works, including hot-spot correction and transformer or breaker maintenance
- Updates were completed to the geospatial network model, including enhancements to the overhead and underground Distribution system, updates to the Transmission system reflecting new and corrected infrastructure, and digitization of meter-to-transformer connectivity ensuring a more accurate, reliable, and operationally actionable representation of the electric system
- Advanced third-party attachment activities by reviewing and processing telecommunications installations across 825 poles

The $20.5 million year-to-date variance in Utility Transformation operating expenditures primarily reflects the timing of the FY2026 budget approval and the limited period available to execute the expanded scope. Utility Transformation's budget increased from $37.9 million under the Provisional Budget to $51.5 million under the Final Rate Order. The Final Rate Order was issued with only two and a half months remaining in the fiscal year, limiting the ability to fully execute the additional approved scope and contributing to favorable variances across Salaries, Wages, and Benefits; Utilities and Rent; and Professional and Technical Outsourced Services. In addition, cash constraints earlier in the fiscal year affected the timing of certain planned activities, including field training, onboarding, and vendor-supported services. Lower volumes of third-party pole attachment applications also reduced associated processing and vendor-supported work. The resulting variance primarily reflects the timing of the increased budget and execution limitations during the remaining period, rather than a reduction in Utility Transformation's underlying operational requirements.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	91.4	38.8	14.8	91.4	62.6	28.8	
Total Labor	**$ 91.4**	**$ 38.8**	**$ 14.8**	**$ 91.4**	**$ 62.6**	**$ 28.8**	**32%**
Non-Labor							
Materials & Supplies	16.9	8.7	2.7	16.9	4.9	12.0	
Transportation, Per Diem, and Mileage	7.2	6.5	0.3	7.2	2.1	5.1	
Property & Casualty Insurance	18.1	4.2	5.0	18.1	17.9	0.2	
Security	7.5	2.0	1.6	7.5	6.4	1.1	
IT Service Agreements	46.3	25.9	8.0	46.3	31.2	15.1	
Utilities & Rents	10.9	5.9	1.4	10.9	7.1	3.8	
Legal Services	9.8	4.4	2.0	9.8	10.8	(1.0)	
Communications Expenses	1.8	1.8	0.1	1.8	0.1	1.7	
Professional & Technical Outsourced Services	47.6	13.3	5.0	47.6	26.7	20.9	
Vegetation Management	-	-	-	-	-	-	
Other Miscellaneous Expenses	6.8	1.2	(1.0)	6.8	0.3	6.5	
Total Non-Labor / Other Operating Expense	**$ 172.9**	**$ 73.9**	**$ 25.1**	**$ 172.9**	**$ 107.5**	**$ 65.4**	**38%**
Total Operating Expense	**$ 264.3**	**$ 112.7**	**$ 39.9**	**$ 264.3**	**$ 170.1**	**$ 94.2**	**36%**

Key activities during Q4 FY2026:

- Conducted 449 field safety observations across operational areas, generating findings that drove the development and implementation of over 95 corrective action plans to ensure compliance with regulatory standards
- Completed the installation of closed-circuit television systems across multiple operational sites, including Aguadilla, San Germán, Canóvanas Técnica, and on-site warehouses
- Delivered more than 3,000 hours of health, safety, and technical training to over 800 employees to ensure compliance with industry standards
- Conducted general cleaning and landscaping services, including pruning, cutting of identified areas during the walkthrough, and disposal of materials across the Palo Seco and Carolina complex sites

The $94.2 million year-to-date variance in Support Services operating expenditures primarily reflects the timing of the FY2026 budget approval and the limited period available to execute the expanded scope. Support Services' budget increased from $202.1 million under the Provisional Budget to $264.3 million under the Final Rate Order, with the additional funding approved with only two and a half months remaining in the fiscal year. The compressed execution period limited the ability to fully implement the expanded scope, resulting in variances across Salaries, Wages, and Benefits; Materials and Supplies; IT Service Agreements; Professional and Technical Services; and Other Miscellaneous Expenses. Earlier in the fiscal year, execution of certain Support Services activities was also deferred as available resources were prioritized toward critical operational and reliability needs. This contributed to lower staffing levels, deferred outsourced services, and the postponement of certain planned activities. The variance also reflects the 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, as well as lower bank charges and tax-related expenses. Overall, the variance primarily reflects the timing of the increased budget, execution limitations, and accounting realignments rather than a reduction in Support Services' underlying operational requirements.

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, on August 2025, PREPA's FEMA Accelerated Awards Strategy (FAASt) Consolidated Project Plan List reduced the number of active Transmission and Distribution projects from 571 to 282. After multiple discussions with stakeholders, on June 18, 2026, the Energy Bureau approved Attachment A, as modified, authorizing 101 additional projects, representing approximately $1.5 billion in federal funding, to advance through FEMA's Accelerated Awards Strategy (FAASt) process. Although the 101 additional projects were approved as part of Attachment A of the Energy Bureau's order, most of these projects had not been reactivated in the Federal Emergency Management Agency (FEMA) Grants Portal by the end of Q4 and therefore remained unavailable for execution. The implementation of the Consolidated List resulted in the FY2026 budget assumptions no longer aligning with projects active and available for execution during the year, as previously stated by LUMA in its First Budget Amendment submitted in October 2025 and Second Budget Amendment submitted in March 2026.

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[12] was allocated for FY2026, impacting both NFC and Federal actual expenditures.

Improvement Portfolio Summary – Preliminary Results

($ million)

Portfolio	FY2026 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	384.5	109.5	44.2	384.5	244.7	139.8	36%
Distribution	326.9	122.0	49.0	326.9	168.1	158.8	49%
Transmission	138.6	47.3	14.4	138.6	48.5	90.1	65%
Substation	137.6	33.1	18.1	137.6	129.1	8.5	6%
Control Center & Buildings	40.9	14.4	4.4	40.9	13.6	27.3	67%
Enabling	468.8	195.0	29.0	468.8	131.3	337.5	72%
Support Services	46.9	19.3	3.1	46.9	6.0	40.8	87%
Priority Stabilization Plan	0.0	(32.8)	5.1	0.0	18.9	(18.9)	0%
Total	**$ 1,544.1**	**$ 507.9**	**$ 167.4**	**$ 1,544.1**	**$ 760.1**	**$ 783.9**	**51%**

[12] As submitted on March 25, 2026, for FY2026 Second Provisional Budget Amendment

Capital Expenditure by Funding

Transmission & Distribution Capital Expenditures – Federally Funded – Preliminary Results

($ million)

Improvement Portfolio	FY2026 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	351.6	97.8	40.3	351.6	223.9	127.6	
Distribution	273.9	90.5	17.5	273.9	112.6	161.3	
Transmission	113.8	29.6	16.8	113.8	33.1	80.6	
Substations	119.0	36.1	20.2	119.0	112.1	6.9	
Control Center & Buildings	28.9	6.2	3.9	28.9	12.8	16.1	
Enabling	278.6	99.7	17.3	278.6	74.8	203.8	
Support Services	17.7	0.4	0.7	17.7	0.8	16.9	
Priority Stabilization Plan	-	-	11.7	-	11.7	(11.7)	
Subtotal	**$ 1,183.5**	**$ 360.2**	**$ 128.4**	**$ 1,183.5**	**$ 581.9**	**$ 601.6**	**51%**
Other							
Reserve for Excess Expenditures	23.7	7.2	-	23.7	-	23.7	
Total Capital Expenditures	**$ 1,207.2**	**$ 367.4**	**$ 128.4**	**$ 1,207.2**	**$ 581.9**	**$ 625.3**	**52%**

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

($ million)

Improvement Portfolio	FY2026 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Customer Experience	26.1	10.0	3.6	26.1	19.6	6.5	
Distribution	53.0	31.5	31.5	53.0	55.5	(2.5)	
Transmission	24.8	17.8	(2.4)	24.8	15.3	9.5	
Substations	18.3	(3.1)	(2.3)	18.3	16.6	1.7	
Control Center & Buildings	10.5	7.8	0.5	10.5	0.7	9.8	
Enabling	38.7	17.2	(5.7)	38.7	5.3	33.4	
Support Services	26.0	18.1	2.7	26.0	3.9	22.0	
Priority Stabilization Plan	-	(32.8)	(6.6)	-	7.2	(7.2)	
Subtotal	**197.3**	**$ 66.6**	**$ 21.3**	**$ 197.3**	**$ 124.2**	**$ 73.2**	**37%**
Other							
Reserve for Excess Expenditures	1.6	(1.0)	-	1.6	-	1.6	
Total Capital Expenditures	**$ 199.0**	**$ 65.6**	**$ 21.3**	**$ 199.0**	**$ 124.2**	**$ 74.8**	**38%**

Customer Experience Improvement Portfolio Summary – Preliminary Results

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

($ million)

Program	FY2026 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Streetlighting	**$ 203.6**	**$ 45.4**	**$ 11.7**	**$ 203.6**	**$ 95.8**	**$ 107.8**	
Federally Funded	203.6	45.4	11.3	203.6	95.3		
Non-Federally Funded	-	-	0.4	-	0.4		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
AMI Implementation Program	**$ 148.0**	**$ 52.5**	**$ 30.5**	**$ 148.0**	**$ 130.1**	**$ 17.9**	
Federally Funded	148.0	52.5	29.0	148.0	128.6		
Non-Federally Funded	-	-	1.5	-	1.5		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 32.9**	**$ 11.7**	**$ 2.0**	**$ 32.9**	**$ 18.8**	**$ 14.1**	
Federally Funded	-	-	0.0	-	0.0		
Non-Federally Funded	26.1	10.0	1.7	26.1	17.7		
OpEx	6.8	1.7	0.2	6.8	1.1		
SRP	-	-	-	-	-		
Total	**$ 384.5**	**$ 109.5**	**$ 44.2**	**$ 384.5**	**$ 244.7**	**$ 139.8**	**36%**

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.

Key Q4 FY2026 activities included repairing over 2,700 streetlights and replacing more than 700 utility poles across the municipalities of Barranquitas, Caguas, Cidra, Guánica, Hatillo, Jayuya, Lajas, Las Marías, Manatí, Mayagüez, Naguabo, Naranjito, Orocovis, Rincón, and Vega Alta. The year-to-date variance is due to delays in project obligations.

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 including enabling the identification, response, and resolution of service interruptions more efficiently, reducing estimated bills through daily automated meter reads, providing customers with monthly bills that reflect actual energy usage and supporting the growth of renewable energy by enabling smart grid technologies that help facilitate the integration of renewable sources, including solar and energy battery storage systems. The program will deploy approximately 1.5 million smart meters, create a digital communications network and integrating a head-end and a meter data management system.

Key Q4 FY2026 activities included installing more than 60,400 meters and 206 network devices, replacing 5,898 Echelon meters with AMI smart meters, completing 563 network site surveys, and integrating CC&B with Itron Operations Optimizer. The year-to-date variance is due to the timing of obligations when compared to the budgeted amount for the year. Although expenditures were lower than budgeted, the organization achieved a higher number of meter installations than forecasted.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Distribution Line Rebuild	**$ 118.1**	**$ 52.9**	**$ 2.2**	**$ 118.1**	**$ 14.6**	**$ 103.5**	
Federally Funded	111.1	50.2	4.9	111.1	13.0		
Non-Federally Funded	7.0	2.7	(2.7)	7.0	1.6		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Grid Automation	**$ 96.0**	**$ 29.5**	**$ 8.9**	**$ 96.0**	**$ 33.6**	**$ 62.4**	
Federally Funded	90.0	28.0	(0.6)	90.0	21.2		
Non-Federally Funded	6.0	1.5	9.5	6.0	12.4		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Distribution Pole & Conductor Repair	**$ 101.2**	**$ 35.6**	**$ 37.9**	**$ 101.2**	**$ 119.7**	**$ (18.5)**	
Federally Funded	61.2	8.3	13.9	61.2	79.0		
Non-Federally Funded	40.0	27.3	24.0	40.0	40.7		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 11.6**	**$ 4.0**	**$ 0.0**	**$ 11.6**	**$ 0.2**	**$ 11.4**	
Federally Funded	11.6	4.0	(0.7)	11.6	(0.5)		
Non-Federally Funded	-	-	0.7	-	0.7		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 326.9**	**$ 122.0**	**$ 49.0**	**$ 326.9**	**$ 168.1**	**$ 158.8**	**49%**

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines to improve system reliability and resiliency. It restores out-of-service circuits, completes previously abandoned circuit construction, performs voltage conversions to improve distribution capacity, constructs new distribution line extensions to serve additional customers, and installs underground cable or tree wire to enhance service for critical customers.

Key Q4 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 construction on Q4 FY2026, and completing issue-for-bid packages for two feeders targeted for the upcoming fiscal year. The year-to-date variance is due to a pause in architecture and engineering work pending a resolution of project 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 Q4 FY2026 activities included installing 10 three-phase reclosers and 54 single-phase reclosers, while expanding system visibility by installing communication devices on 78 additional reclosers to improve remote monitoring and operational responsiveness. Under DOE P5, we installed (1) one 3 phase recloser, including commissioning and SCADA integration. In addition, (29) twenty-nine 3 phase reclosers were commissioned and integrated into SCADA. With this, the automation of all

fourteen feeders was completed. Additionally, areas of opportunity were identified to expand automation to other feeders using the same budget. The year-to-date variance is due to delays in funding obligations, which have extended 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 Q4 FY2026 activities included installing more than 800 poles across the municipalities of Aibonito, Barranquitas, Canóvanas, Coamo, Isabela, Juncos, Lajas, Lares, Las Marías, Mayagüez, Naguabo, Orocovis, San Germán, and San Sebastián. The year-to-date variance is due to a higher volume of pole replacements and the completion of conductor repairs.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Transmission Line Rebuild	**$ 68.7**	**$ 16.5**	**$ 4.5**	**$ 68.7**	**$ 18.7**	**$ 50.1**	
Federally Funded	66.7	15.2	8.9	66.7	19.3		
Non-Federally Funded	2.0	1.3	(4.3)	2.0	(0.6)		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
Transmission Priority Pole Replacements	**$ 42.0**	**$ 22.9**	**$ 4.9**	**$ 42.0**	**$ 17.9**	**$ 24.0**	
Federally Funded	21.3	7.5	3.1	21.3	4.7		
Non-Federally Funded	20.7	15.4	1.9	20.7	13.2		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
OT Telecom Systems & Network	**$ 25.0**	**$ 7.2**	**$ 4.9**	**$ 25.0**	**$ 11.8**	**$ 13.2**	
Federally Funded	22.9	6.2	4.8	22.9	9.0		
Non-Federally Funded	2.1	1.0	0.1	2.1	2.8		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 2.9**	**$ 0.7**	**$ 0.1**	**$ 2.9**	**$ 0.1**	**$ 2.8**	
Federally Funded	2.9	0.7	0.1	2.9	0.1		
Non-Federally Funded	-	-	(0.0)	-	(0.0)		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 138.6**	**$ 47.3**	**$ 14.4**	**$ 138.6**	**$ 48.5**	**$ 90.1**	**65%**

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

Key Q4 FY2026 activities focused primarily on advancing engineering designs. Significant design milestones were achieved (90% design) for TL9500 and TL8200, while also advancing engineering for TL100/200, TL9100, TL13600, and TL2100. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of project 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 Q4 FY2026 activities included replacing 402 insulation and hardware components, completing 16 switch repairs, executing 19 switch replacements, performing 53 pole replacements, 12 Critical Repairs and 1 new structure installation. 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 emergency work was executed on critical transmission lines which required immediate attention and resource allocation, partially offsetting 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 Q4 FY2026 activities included starting construction on obligated Infrastructure Group B and Transport Network Group 1 sites. LUMA also made progress on designs for Telecommunications Infrastructure Tower Cerro Punta, completing 60% of the design package for the tower structure, access road, and Infrastructure Group B tower designs. Current DOE projects for optical ground wire, Internet Protocol Control Network, and generators have been completed on time and are now in the close-out phase. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of project prioritization and the reactivation of FEMA's FAASt numbers.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Substation Rebuilds	**$ 89.8**	**$ 27.0**	**$ 3.7**	**$ 89.8**	**$ 75.1**	**$ 14.7**	
Federally Funded	89.0	29.0	2.3	89.0	73.6		
Non-Federally Funded	0.8	(2.1)	1.4	0.8	1.4		
OpEx	-	-	(0.0)	-	0.0		
SRP	-	-	-	-	-		
Substation Reliability	**$ 42.3**	**$ 4.5**	**$ 12.9**	**$ 42.3**	**$ 48.3**	**$ (6.0)**	
Federally Funded	25.8	6.4	17.7	25.8	34.0		
Non-Federally Funded	16.5	(1.9)	(4.9)	16.5	14.1		
OpEx	-	-	0.1	-	0.2		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 5.5**	**$ 1.6**	**$ 1.5**	**$ 5.5**	**$ 5.7**	**$ (0.2)**	
Federally Funded	4.1	0.7	0.3	4.1	4.4		
Non-Federally Funded	1.0	0.9	1.1	1.0	1.1		
OpEx	0.4	0.1	0.1	0.4	0.1		
SRP	-	-	-	-	-		
Total	**$ 137.6**	**$ 33.1**	**$ 18.1**	**$ 137.6**	**$ 129.1**	**$ 8.5**	**6%**

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

Key Q4 FY2026 activities focused on advancing construction, design, and procurement across obligated projects. Execution progressed at Aguirre TC Phase II, Aguirre Breakers, Costa Sur Phase II, Bayamón Breakers, Centro Médico, Sabana Llana TC, Maunabo TC, Tapia GIS, Cataño, Rio Grande Estates, and Viaducto TC, reflecting active work across transmission class substations undergoing modernization. The program's transformer activities advanced with two energizations of Sabana Llana TC Auto 2 and Bayamon TC Bank 1. In addition, the delivery and storage of two transformers for the Centro Medico Sect 1317 & 1359. The year-to-date variance is due to delays in activities supporting substation rebuild and transformer re-energization.

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

Key Q4 FY2026 activities included five battery bank replacements, five under-frequency load-shedding replacements, and four power transformer replacements, strengthening reliability across critical assets. The milestone of replacing the top 10 priority out of service transformers scheduled for the end of FY2026 was achieved. Additional technical efforts included two digital fault recorder replacements, two transmission breaker replacements, eight grounding studies, and two protection automation and control functional/visual testing activities. The year-to-date variance is due to DOE funded work that was prioritized and executed during the year.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Facilities Development & Implementation	**$ 22.2**	**$ 10.9**	**$ 0.6**	**$ 22.2**	**$ 0.9**	**$ 21.3**	
Federally Funded	11.0	2.8	0.1	11.0	(0.1)		
Non-Federally Funded	10.2	7.9	0.5	10.2	0.8		
OpEx	1.0	0.2	0.0	1.0	0.1		
SRP	-	-	-	-	-		
Critical Energy Management System Upgrades	**$ 12.6**	**$ 1.6**	**$ 3.6**	**$ 12.6**	**$ 10.9**	**$ 1.7**	
Federally Funded	12.2	1.5	3.3	12.2	11.0		
Non-Federally Funded	-	-	0.2	-	(0.1)		
OpEx	0.5	0.1	0.0	0.5	0.0		
SRP	-	-	-	-	-		
Control Center Construction & Refurbishment	**$ 5.7**	**$ 2.0**	**$ 0.3**	**$ 5.7**	**$ 1.7**	**$ 1.7**	
Federally Funded	5.7	2.0	0.5	5.7	1.8		
Non-Federally Funded	-	-	(0.2)	-	(0.2)		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 0.3**	**$ (0.1)**	**$ (0.0)**	**$ 0.3**	**$ 0.2**	**$ 0.2**	
Federally Funded	0.0	0.0	0.0	0.0	0.0		
Non-Federally Funded	0.3	(0.1)	(0.0)	0.3	0.2		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Total	**$ 40.9**	**$ 14.4**	**$ 4.4**	**$ 40.9**	**$ 13.6**	**$ 27.3**	**67%**

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

Key Q4 FY2026 activities included completing the Durotex Roof Repair project; completing the first phase of the Santurce Complex and Hormigueros call center construction and relocation projects; starting and completing the first phase of the Caguas Retaining Wall project; and decommissioning waste from the Santurce Complex parking lot. The year-to-date variance primarily reflects LUMA's prioritization of critical grid operations activities over other capital initiatives earlier in the fiscal year in response to cash constraints, combined with the increase in approved funding under the April 15, 2026, Final Rate Order and the limited time remaining in the fiscal year to execute the additional scope.

The **Critical Energy Management System Upgrades** program aims to replace obsolete and unsupported energy management systems and introduce new technologies to ensure the safe and reliable operation of the electric grid.

Key Q4 FY2026 activities included completing the cutover to the new Energy Management System, with the primary system fully operational at La Torre Control Center and the backup system installed and running at the Santurce Complex. The year-to-date variance relates to a shift in project milestones which required deferring the start of system upgrade activities. The milestone to begin

integrating the system with Genera was completed as scheduled, and the program achieved its remediated state after the EMS was placed into service in April 2026.

The **Control Center Construction & Refurbishment** program focuses on constructing and upgrading facilities to house the primary and backup control centers, as well as all ancillary support services.

Key Q4 FY2026 activities included submitting comments on PREPA's draft Memorandum of Agreement (MOA) to FEMA for the primary control center Section 106 consultation and providing LUMA's concurrence with PREPA's comments. After FEMA and the local State Historic Preservation Office (SHPO) reached a determination to designate certain buildings as historic, including designating the Monacillos campus as a historic district, PREPA refused to sign the MOA; a document LUMA was prepared to sign in 2024, after a consultant validated SHPO's conclusion. PREPA has proposed additional amendments to the MOA that LUMA has accepted, but they continue their attempt to have SHPO change its designation, a process unlikely to succeed and only appealable to the Gatekeeper in Washington, D.C. LUMA opposes pursuing such an appeal due to the significant delays it would cause. The year-to-date variance is due to reduced activity while awaiting the resolution of the Section 106 consultation disagreement. The milestones of determining the secondary control center location, relocating operations, and starting construction of the secondary control center will not be achieved due to delays associated with FEMA Section 106 status.

Enabling Improvement Portfolio Summary – Preliminary Results

The **Enabling Improvement Portfolio** of investment projects focuses on safety and operational excellence. It comprises 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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Vegetation Management and Capital Clearing Implementation	**$ 283.2**	**$ 131.6**	**$ 21.5**	**$ 283.2**	**$ 70.8**	**$ 212.4**	
Federally Funded	158.2	60.1	8.0	158.2	32.3		
Non-Federally Funded	-	-	(0.0)	-	(0.0)		
OpEx	125.0	71.5	13.6	125.0	38.5		
SRP	-	-	-	-	-		
Microgrid, Phasor Measurement Units (PMU), and Battery Energy Storage Installations and Integration	**$ 70.0**	**$ 26.3**	**$ 0.3**	**$ 70.0**	**$ 3.0**	**$ 67.0**	
Federally Funded	70.0	26.3	(0.1)	70.0	2.5		
Non-Federally Funded	-	-	0.5	-	0.5		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Compliance & Studies	**$ 32.8**	**$ 2.2**	**$ 2.0**	**$ 32.8**	**$ 16.1**	**$ 16.7**	
Federally Funded	28.3	7.1	5.9	28.3	19.4		
Non-Federally Funded	4.5	(4.9)	(3.9)	4.5	(3.3)		
OpEx	-	-	0.0	-	0.0		
SRP	-	-	-	-	-		
T&D Fleet	**$ 47.7**	**$ 22.8**	**$ 1.6**	**$ 47.7**	**$ 22.8**	**$ 25.0**	
Federally Funded	-	-	0.0	-	0.0		
Non-Federally Funded	23.7	16.8	(2.2)	23.7	10.2		
OpEx	24.0	6.0	3.8	24.0	12.6		
SRP	-	-	-	-	-		
Asset Data Integrity	**$ 24.6**	**$ 6.4**	**$ (1.2)**	**$ 24.6**	**$ (0.3)**	**$ 24.8**	
Federally Funded	21.8	6.1	-	21.8	-		
Non-Federally Funded	2.8	0.3	(1.2)	2.8	(0.3)		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total[13]	**$ 10.5**	**$ 5.7**	**$ 4.6**	**$ 10.5**	**$ 18.9**	**$ (8.4)**	
Federally Funded	0.3	0.1	3.5	0.3	20.6		
Non-Federally Funded	7.7	5.0	1.1	7.7	(1.7)		
OpEx	2.5	0.6	0.0	2.5	0.1		
SRP	-	-	-	-	-		
Total	**$ 468.8**	**$ 195.0**	**$ 29.0**	**$ 468.8**	**$ 131.3**	**$ 337.5**	**72%**

The **Vegetation Management and Capital Clearing Implementation** program focuses on mitigating immediate vegetation hazards in critical areas and maintaining cleared rights-of-way to standard widths.

Key Q4 FY2026 activities included completing the assessment, trimming, and removal of vegetation along 108 miles of distribution lines and 180 miles of transmission under the vegetation maintenance program. As part of the federally funded vegetation safety and reliability initiative, LUMA assessed and cleared 174 miles of vegetation along distribution and transmission lines. LUMA increased the crew count in Q4 to accelerate progress and support the ramp-up. Additionally, during Q4 FY2026, conversations between PREPA, LUMA, and DOE resulted in a decision for the U.S. Army Corps of Engineers to execute vegetation clearing work in the 115kV and 230kV system. As a result, LUMA

[13] 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.

was directed to halt planning work on the seven projects (123.7 obligated miles) designated for USACE. The year-to-date variance is due to delays in the obligation of funds combined with the increase in approved funding under the April 15, 2026 Final Rate Order and the limited time remaining in the fiscal year to execute. Nonetheless, FEMA obligated funds for 12 projects on March 1, 2026, and 10 additional projects on Q4, allowing for a gradual ramp-up in Q4 FY2026.

LUMA Quarterly Vegetation Management by Voltage Level

Voltage	FY2026 Q4 Miles			FY2026 YTD Miles			FY2026 Q4 Acres[14]			FY2026 YTD Acres[14]		
	Federally Funded Clearing[15]	OpEx Maintenance	Total Miles	Federally Funded Clearing[15]	OpEx Maintenance	Total Miles	Federally Funded Clearing[15]	OpEx Maintenance	Total Acres	Federally Funded Clearing[15]	OpEx Maintenance	Total Acres
Distribution	168	108	276	476	495	971	204	131	335	576	600	1,176
38 kV	1	63	64	1	140	142	8	379	388	9	850	858
115 kV	4	84	88	15	507	522	50	1,022	1,072	179	6,146	6,325
230 kV	0	34	34	0	254	254	0	406	406	0	3,079	3,079
Total	**174**	**288**	**462**	**492**	**1,396**	**1,888**	**262**	**1,938**	**2,199**	**764**	**10,675**	**11,439**

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 Q4 FY2026 activities included continued progress on the design and preliminary studies for the Vieques and Culebra microgrids. For both sites, locations have already been selected, the glare study was completed, and geotechnical studies are ongoing. Proposals were received and are currently under evaluation. The BESS projects remained inactive for the quarter. The year-to-date variance is due to a pause in architecture and engineering work pending resolution of project prioritization and the reactivation of FEMA's FAASt numbers.

The **Compliance & Studies** program supports transmission and distribution planning, protection studies, and developing hosting capacity data—the amount of distributed energy resources that can be accommodated on the distribution system—for public and internal use.

Key Q4 FY2026 activities included developing a comprehensive transmission and distribution planning enhancement initiative by incorporating the recently presented Comprehensive Transmission Plan[16], extending analytical work from the 2025 IRP Transmission Needs Studies Report to the 38 kV sub-transmission level, and integrating new reliability-driven and customer-driven planning requirements. This activity included evaluating funding sources for DER-related upgrades identified through more than 218 cluster studies and advancing distribution system performance by completing substation load transfer studies and conducting feeder voltage regulation analyses. The year-to-date variance is due to a pause in architecture and engineering work pending a resolution of project prioritization and the reactivation of FEMA's FAASt numbers.

[14] 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.
[15] For federally funded miles and acres, the figure includes both completed work and miles assessed as clear spans.
[16] As submitted under case NEPR-AP-2023-0004, 20251017-AP20230004-Motion-IRP-and-Conf-Request2.pdf.

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 Q4 FY2026 activities included completing 162 Department of Transportation inspections and 57 American National Standards Institute vehicle compliance inspections. Additionally, the team provided targeted training on Cardiopulmonary Resuscitation to eight employees, Driver Vehicle Inspection Report to 52 employees, Safety Rodeo to 150 employees, and Forklift Certification to four employees. The year-to-date variance reflects the increase in approved funding under the April 15, 2026 Final Rate Order, including additional funding for the Drone Program and Aviation, and the limited time remaining in the fiscal year to execute the expanded scope.

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

Key Q4 FY2026 activities included implementing core work management capabilities for Substation Apparatus, reconciling relay information to complete field audits, and defining process flows to support work initiated by the Distribution Operations Center. The year-to-date variance is due to the fact that the Program no longer includes projects that are eligible for federal funding.

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]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
IT OT Asset Management	**$ 27.1**	**$ 5.2**	**$ 3.2**	**$ 27.1**	**$ 4.3**	**$ 22.8**	
Federally Funded	17.4	0.1	0.1	17.4	0.1		
Non-Federally Funded	9.7	5.1	3.1	9.7	4.2		
OpEx	-	-	-	-	0.0		
SRP	-	-	-	-	-		
IT OT Enablement Program	**$ 6.1**	**$ 4.7**	**$ 0.6**	**$ 6.1**	**$ 0.6**	**$ 5.5**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	6.1	4.7	0.6	6.1	0.6		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
IT OT Collaboration & Analytics	**$ 4.8**	**$ 4.8**	**$ (0.0)**	**$ 4.8**	**$ (0.0)**	**$ 4.9**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	4.8	4.8	(0.0)	4.8	(0.0)		
OpEx	-	-	-	-	-		
SRP							
IT OT Cybersecurity Program	**$ 3.5**	**$ 3.0**	**$ (0.0)**	**$ 3.5**	**$ 0.0**	**$ 3.5**	
Federally Funded	0.3	0.2	-	0.3	-		
Non-Federally Funded	3.2	2.7	(0.0)	3.2	0.1		
OpEx	-	-	-	-	(0.0)		
SRP							
Critical Financial Systems	**$ 2.4**	**$ 0.9**	**$ (1.0)**	**$ 2.4**	**$ (0.8)**	**$ 3.2**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	2.2	0.8	(1.0)	2.2	(0.9)		
OpEx	0.2	0.0	-	0.2	0.1		
SRP	-	-	-	-	-		
Update to Third Party Use, Audit, Contract and Billing Procedures	**$ -**	**$ -**	**$ 0.3**	**$ -**	**$ 1.2**	**$ (1.2)**	
Federally Funded	-	-	0.6	-	0.7		
Non-Federally Funded	-	-	0.0	-	0.0		
OpEx	-	-	(0.3)	-	0.4		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	**$ 3.0**	**$ 0.7**	**$ (0.0)**	**$ 3.0**	**$ 0.7**	**$ 2.3**	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	-	-	(0.0)	-	-		
OpEx	3.0	0.7	0.0	3.0	0.7		
SRP	-	-	-	-	-		
Total	**$ 46.9**	**$ 19.3**	**$ 3.1**	**$ 46.9**	**$ 6.0**	**$ 40.8**	**87%**

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 Q4 FY2026 activities included implementing WebEOC to enhance inter-agency coordination, completing the IT cloud migration for identified applications, and deploying the new Virtual Desktop Infrastructure environment in Azure. Additional progress featured advancing Asset Suite and service integration to support protection and control functions within the Workforce Management System and moving the new Energy Management System toward final configuration, which will provide operators with modern dispatch, switch order management, and operator log capabilities. Further infrastructure

work included achieving 80% completion of the hardware replacement project, resulting in increased storage and computing capacity, and delivering a fully functional Disaster Recovery site through the completion of Hardware Replacement Phase 2. The year-to-date variance is due to a pause in architecture and engineering work pending a resolution of project prioritization and the reactivation of FEMA's FAASt numbers. The procurement and commissioning of the aging infrastructure milestone scheduled for FY2026 was delayed due to cash constraints. The workforce management solution was started, however due to cash constraints and vendor support, progress was delayed.

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 Q4 FY2026 activities were limited, as no major implementation activities were conducted during the quarter. The year-to-date variance primarily reflects LUMA's prioritization of critical grid operations activities over nonessential capital initiatives earlier in the fiscal year in response to cash constraints, combined with the increase in approved funding under the April 15,2026 Final Rate Order and the limited time remaining in the fiscal year to execute the additional scope. As a result of the earlier in the year prioritization, the milestone scheduled for FY2026 to create a framework to ensure alignment between corporate objectives and risk assessments of the finance and operations teams was delayed.

The **IT OT Collaboration & Analytics** program improves collaboration and data-driven decision-making by consolidating IT/OT solutions, strengthening data governance, and modernizing core systems. It also boosts efficiency through automation, centralizes performance metrics, and sets a target architecture roadmap for long-term operational excellence.

Key Q4 FY2026 activities were limited, as no major implementation activities were conducted during the quarter. The year-to-date variance primarily reflects LUMA's prioritization of critical grid operations activities over nonessential capital initiatives earlier in the fiscal year in response to cash constraints, combined with the increase in approved funding under the April 15, 2026, Final Rate Order and the limited time remaining in the fiscal year to execute the additional scope.

The **IT OT Cybersecurity** program strengthens governance, threat detection, and incident response across the T&D system to reduce risks like breaches and ransomware.

Key Q4 FY2026 activities included Enhancing endpoint and cloud security by completing full-device encryption, deploying next-generation EDR/XDR with CIS-aligned hardened baseline images across the endpoint environment, completing a full security assessment of the Azure cloud architecture, and deploying initial Cloud Access Security Broker capabilities through Microsoft Defender for Cloud Apps, with Cloud Discovery now operating to improve shadow IT visibility. The year-to-date variance primarily reflects LUMA's prioritization of critical grid operations activities over nonessential capital initiatives earlier in the fiscal year in response to cash constraints, combined with the increase in approved funding under the April 15,2026 Final Rate Order and the limited time remaining in the fiscal year to execute the additional scope.

The **Critical Financial Systems** program covers technology projects across financial, risk, and supply chain management.

Key Q4 FY2026 activities were limited, as no major implementation activities were conducted during the quarter. The year-to-date variance primarily reflects LUMA's prioritization of critical grid operations activities over nonessential capital initiatives earlier in the fiscal year in response to cash constraints, combined with the increase in approved funding under the April 15,2026 Final Rate Order and the limited time remaining in the fiscal year to execute the additional scope. The risk management system assessment and 1st phase Services procurement movement into Oracle EBS from Asset Suite milestone scheduled for FY2026–was delayed due to a change in strategy.

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 Q4 FY2026 activities focused on the DOE Utility Pole Abatement Program. As part of the DOE Program, the Third-Party Attachments Standards and Guidelines were published, and the team completed the pre-survey of 5,063 poles, survey assessments of 991 poles and 191 abandoned-pole or corrective-action notifications. Activities for the period also included issuing a total of 3,147 notifications to ensure the proper transfer of telecommunications cables to newly replaced utility poles; continuing conversations with the Puerto Rico Government (FOMB, OMB and the PR Telecommunication Bureau) and telecommunications companies regarding additional funding for an island-wide TPA Inventory Project and TPA transfers in relation to LUMA's pole replacement programs; sending 9 notices to telecommunications companies related to operational emergencies.. Also, 13 TPA applications requesting attachment of telecommunications cables to 825 poles were reviewed. These applications were classified as incomplete due to missing required documentation and non-payment of applicable fees, resulting in no progression to full processing and no fee collection. 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[17]**	**Q4 Collected**	**Inception to date collected[18]**
FY2025	Current	456,893	$ 2,577,569	$ (336,678.24)	(588,329)
FY2024	Past Due	456,792	$ 2,657,626	$ (263,263.84)	(938,291)
FY2023	Past Due	452,657	$ 2,490,578	$ (195,833.92)	(817,050)
FY2022	Past Due	429,438	$ 2,335,130	$ (161,899.56)	(769,562)
Totals			**$ 10,060,903**	**$ (957,676)**	**($3,113,232)**

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

Actions LUMA took to address non-compliant attachers:

- Shared a new pole-attachment agreement template with telecommunications companies on April 10, 2026, to address key issues and controversies between the parties in relation to the TPA Agreement telecommunications companies
- Shared a joint-use agreement template with municipalities for the use of PREPA poles for security cameras and vigilance systems, as required by PREPA Technical Communication 07-03, and executed an amendment on June 18, 2026, to the agreement originally signed with the Municipality of Cabo Rojo on February 27, 2026. This agreement will enable third-party attachments unrelated to telecommunications services to achieve regulatory compliance and provide additional revenue through annual fees and electricity consumption
- Continued to evaluate and process pole-attachment applications from all telecommunications companies throughout the fiscal year
- Continued negotiations on the new pole pole-attachment rate (calculated using the Federal Communications Commission Pole Attachment Rate Formula), which was presented to carriers in Q2
- Published third-party attachment guidelines, standards, and processes on the official LUMA website, guidelines, standards, and processes related to Third Party Attachments on under the “Other Groups” Section
- Sent 12 non-compliance notices to carriers with unauthorized list of attachments and continued legal conversations regarding the permitting process.
- Requested and received approval from the Department of Energy for a Utility Pole Abatement project to coordinate the removal of abandoned, non-compliant, or unauthorized attachments. As part of the Utility Pole Abatement program, 169 pole notices requesting removal or correctives actions were sent to telecommunication companies for abandoned infrastructure and non-complaint attachments.

Challenges in implementing the TPA management program:

- A new third-party attachment agreement with telecommunications providers has not been executed, even though agreement drafts have been shared with carriers since December 2022. Some of the main reasons for not achieving new Pole Attachment Agreements include telecommunication carriers not recognizing LUMA’s authority as agent of PREPA to negotiate on behalf of PREPA. Also, telecommunication carriers and LUMA have different interpretations of which regulations apply to third party attachments, as well as the appropriate cost allocation methods for process like make ready work and responsibilities for transfers related to replaced poles.
- Telecommunications providers remain non-compliant with Act 83 of 1941 and Regulation 9090, which require active participation in construction projects and the timely transfer of third-party attachments to newly installed infrastructure. This ongoing non-compliance hinders LUMA's ability to finalize the reimbursement requisition process, delays the completion of critical infrastructure projects, and presents a safety risk to newly installed assets. Furthermore, telecommunications

companies have not provided an accurate and comprehensive inventory of their attachments to LUMA's infrastructure, which complicates compliance, coordination, and planning

Proposed solutions:

- Developed a new pole attachment agreement template considering concerns raised by telecommunication companies on previous negotiations. The new agreement template considers terms and responsibilities between the parties with timeframes found acceptable by carriers and a shorter period of effectiveness considering changes in circumstances and cost allocation. The agreement also considers different processes for planned work and operational work, with different responsibilities and conditions. LUMA shared the new agreement template with telecommunication providers on April 10, 2026 and will continue negotiations with providers. Proposed to enforce Act 83-1941 and Regulation 9090 to ensure federal projects can continue the established federal close-out process.
- Presented alternatives to the Government of Puerto Rico, for the allocation of additional funding for pole-attachment inventory and transferring TPA's to new poles, thereby enabling the removal and closeout of federal projects. A letter was sent to the Puerto Rico Office of Management and Budget as a follow up to these funding allocation efforts on June 25, 2026.
- Improve communication with telecommunication companies by timely sharing project and planned work information in addition to the notices sent in compliance with Act 83-1941, 120 days prior to construction commencement. Additional meetings and notices, including on-site meetings will improve coordination efforts with the telecommunication providers and enable use of shared contractors between telecommunication companies for the transfer of existing attachments to new poles.
- Continue communications with the Telecommunications Bureau to ascertain legal and regulatory actions that address unauthorized and non-compliant attachments.
- Document unauthorized and non-compliant attachments on an operational level and as part of the DOE Utility Pole Abatement Program. Coordinate meetings with stakeholders to improve communications of initiatives and active programs related to Third Party Attachments
- Initiate legal action against telecommunication providers in non-compliance or unauthorized use of electric poles

Priority Stabilization Plan Portfolio Summary – Preliminary Results

($ million)

Program	FY2026 Budget[3]	Q4 Budget[3]	Q4 Actuals[3]	YTD Budget[3]	YTD Actuals[3]	YTD Variance ($)[3]	YTD Variance (%)
Priority Stabilization Plan	**$ -**	**$ (32.8)**	**$ 5.1**	**$ -**	**$ 18.9**	**$ (18.9)**	
Federally Funded	-	-	11.7	-	11.7	-	
Non-Federally Funded	-	(32.8)	(6.6)	-	7.2	(7.2)	
OpEx	-	-	0.1	-	0.1	-	
SRP	-	-	-	-	-	-	
Total	**$ -**	**$ (32.8)**	**$ 5.1**	**$ -**	**$ 18.9**	**$ (18.9)**	**0%**

The **Priority Stabilization Plan** portfolio encompasses a subset of initiatives approved under the Electric System Priority Stabilization Two-Year Plan[19].

Key Q4 FY2026 activities included energizing the Bayamón TC 115/38 kV transformer; continued progress on line 10700 (HATO TEJAS SECT–BAYAMON PUEBLO SECT), with four of five planned FIDs completed; advancement of work on line 1700 (GUANICA TC–YAUCO 2 HP), with twenty-three of twenty-nine planned FIDs completed; ongoing construction for line 3000 (CAGUAX SECT–JUNCOS TC-F), with two of three planned FIDs completed; replacement of insulation and hardware on Line 3100 (Canóvanas Sect–Río Grande TC); completion of construction, including switch repairs, on Line 3200 (Monacillos TC–Venezuela Sect); completion of construction on Line 3600 (Llorens Torres SECT–Martin Peña); and continued progress on the 800-COMSAT SECT–CIDRA SECT project, with ten of twelve planned FIDs completed. The year-to-date variance is driven by additional scope and funding available under the DOE grant, which is not reflected in the Federally-Funded Budget.

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

FY2026 Shared Services

Shared Services Summary – Preliminary Results

($ million)

	FY2026 Budget[3,19]	Q4 Budget[3,4]	Q4 Actuals[3]	YTD Budget[3,4]	YTD Actuals[3]	YTD Variance[3] ($)	YTD Variance (%)
Labor	0.4	0.1	0.1	0.4	1.0	(0.6)	
Property & Casualty Insurance [20]	1.3	(45.2)	0.3	1.3	1.4	(0.1)	
IT Service Agreements	0.9	0.2	0.3	0.9	1.2	(0.3)	
Legal Services	-	-	-	-	(2.5)	2.5	
Professional & Technical Outsourced Services	-	-	0.1	-	0.3	(0.3)	
Other	-	-	0.1	-	0.2	(0.2)	
Shared Services Total	**$ 2.6**	**$ (44.9)**	**$ 0.9**	**$ 2.6**	**$ 1.6**	**$ 1.0**	**38%**

The $1.0 million favorable variance in Shared Services is primarily driven by prior-period adjustments that reclassified legal expenses related to interim costs out of Shared Services.

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.

[20] Property & Casualty Insurance Shared Services budget was reduced from 61.9 million to 1.3 million as Genera and PREPA are recording their share of Property & Casualty Insurance in their accounting books and reporting their actuals compared to their Shared Services budget allocation during FY26. The remaining budget and actuals are limited to policies related to PREPA that have yet to be renewed under the new methodology. These policies are expected to renew in July 2027 therefore no budget and actuals will be reported in FY2027 for Property & Casualty Insurance.