



LUMA Quarterly Report

For the First Quarter of Fiscal Year 2023

Ending September 30, 2022

[LUMAPR.COM](https://lumapr.com)

[ProgresoDeLUMAPR.COM](https://progresoDelUMAPR.com)

We're here to deliver on the mission for Puerto Rico

The over 3,000 men and women of LUMA are proud to serve the people of Puerto Rico and of the efforts we have made to fundamentally transform and modernize the energy grid. While LUMA continues to face many challenges as a result of an electric system that has suffered years – if not decades – of neglect from the prior operator, we continue to make real and measurable progress.

Throughout the first quarter of Fiscal Year 2023, LUMA continued to deliver on the mission for Puerto Rico by achieving over 12,718 streetlight replacements, improving our injury severity rate by 24% when compared to the same period last year, replacing over 580 broken or failing poles, activating net metering for over 8,500 rooftop solar installations representing 40 MW, opening an additional contact center in Isabela, and reclaiming over 245 miles of transmission and distribution right-of-way. LUMA achieved all this in the first quarter before Hurricane Fiona hit the island. LUMA's response and restoration efforts following Hurricane Fiona represents a historic undertaking that has never been seen before in Puerto Rico. LUMA team remains committed to delivering on our mission of building a better energy future for our 1.5 million customers.

LUMA operates government-owned transmission and distribution assets under a long-term agreement administered as part of a public-private partnership overseen by the P3 Authority and subject to regulatory oversight by the Puerto Rico Energy Bureau. This report outlines our key activities for the first quarter of fiscal year 2023 dating from July 1, 2022, to September 30, 2022.

Prioritizing Safety

We're getting workers the training they need to be effective while staying safe. We continue to see improvement in key safety metrics, including a 24% improvement in injury severity when compared to the same period last year.

System Rebuild and Resiliency

We're repairing the most critical grid assets and advancing 142 federally funded capital projects/programs representing an estimated \$8.4 billion in reconstruction work.

Improving Customer Satisfaction

We continue to create new paths to listen and respond to customers including opening an additional Contact Centers in Isabela.

Operational Excellence

We continue to grow our skilled workforce through an expanded focus on specialized training including having 171 employees participate in the accredited utility lineworker apprenticeship and upskilling program.

Sustainable Energy Transformation

We continue to advance renewable energy in Puerto Rico by activating net metering for over 8,500 solar installations and collaborating in groundbreaking initiatives such as PR100.

Our Mission for Puerto Rico

To recover and transform the utility to deliver customer-centric, reliable, resilient, safe, and sustainable electricity at reasonable prices



PRIORITIZE SAFETY

Reform utility activities to support a strong safety culture focused on employee safety and the safety of the people of Puerto Rico



IMPROVE CUSTOMER SATISFACTION

Transform utility operations to deliver a positive customer experience and reliable electricity at reasonable prices



SYSTEM REBUILD & RESILIENCY

Effectively deploy federal funding to restore the grid and improve the resilience of vulnerable infrastructure



OPERATIONAL EXCELLENCE

Enable employees to pursue operational excellence through new systems, processes, and training

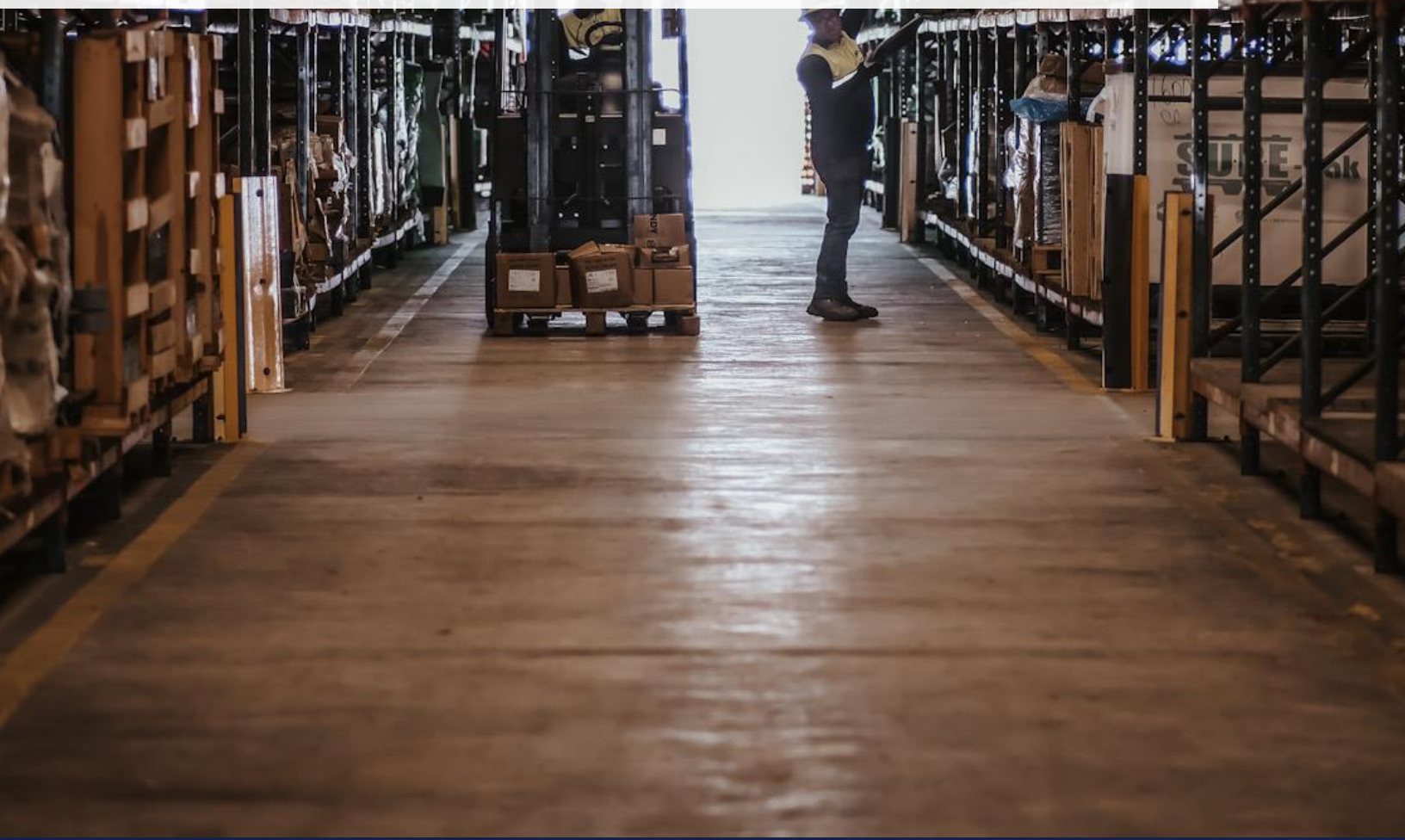


SUSTAINABLE ENERGY TRANSFORMATION

Modernize the grid and the utility to enable the sustainable energy transformation

LUMA's Preparation for Hurricane Fiona

In the first quarter of Fiscal Year 2023, Puerto Rico was hit by Category 1 Hurricane Fiona. Leading up to hurricane season, LUMA focused on preparing for an event like Fiona. LUMA conducted numerous preparation activities which included conducting training and exercises to be able to operate within National Incident Management System during emergencies with over 350 employees having gone through training, ensuring adequate emergency material and supply levels with over \$128 million worth in LUMA warehouses before the storm hit, establishing three mutual aid agreements and nine construction contracts for emergency response, and engaging and coordinating with our emergency response partners. As soon as LUMA became aware that a storm was headed towards the island, the entire organization shifted focus from normal operations to preparing for the storm and keeping the power on for as long as possible before landfall. LUMA's Emergency Operations Center was activated 4 days before the storm hit the island to prepare for the storm and restore electricity following the storm. The hurricane preparedness activities that LUMA has carried out since commencement of operations were a significant contributing factor to LUMA's successful restoration of the system which was carried out more safely and more efficiently than ever before.



LUMA's Response to Hurricane Fiona

LUMA's response and restoration efforts following Hurricane Fiona represent a historic undertaking that has never been seen before in Puerto Rico. Unlike previous hurricanes, 90% of customers were restored in 12 days. The extraordinary costs associated with the response to Hurricane Fiona do not appear in this report, but the hurricane itself had a tremendous impact on LUMA operations. The below summary provides key information and data outlining the significant work performed by LUMA to restore power to the company's 1.5 million customers.

Restoration Efforts



OVER 90% of customers restored in 12 days



2,500+ Utility workers deployed



2,500+ Vehicles deployed



239 Total flight hours, **12,000+** miles flown customers

Damage Assessments

\$4+ Billion in damages sustained



54% of Distribution feeders damaged



30% of Transmission line damaged



7 Substations experienced severe flooding or were rendered inaccessible

Public Information



435 Updates provided



1,759 Radio announcements



1,135 Social media updates



34 Videos posted

Progress during the First Quarter of FY2023

Delivering on LUMA's Mission and Goals

ENHANCING RELIABILITY

Reclaimed

245+ miles of T&D
right-of way



EXPANDED RENEWABLES

Activated

8,500+
ROOFTOP SOLAR
INSTALLATIONS
representing over **40 MW**



IMPROVED SAFETY

Achieved

24% OSHA Severity
Rate Improvement compared
to the same period last year



INCREASED RESILIENCY

Replaced

580+
BROKEN AND FAILING
utility poles



BETTER CUSTOMER SERVICE

Answered

1,115,000+
CALLS with an average
wait time of under **5 minutes**



ADVANCED FEDERAL FUNDED PROJECTS

Received

18
FEMA funding obligations for
federally funded capital projects



Prioritization of Safety and Training

- **Improved OSHA Severity Rate by 24%** when compared with the same period last year
- **171 employees** participated in the utility lineworker apprenticeship program
- Reflected learnings from **three emergency preparedness tabletop exercises** with FEMA, DOE, PREPA, PREMB, and other local stakeholders
- Completed an **Emergency Operations Center mock drill** based on a category 4 hurricane with 75 attendees
- **Completed 743 health, safety, and environmental observations** on operations and construction teams
- Completed construction **contractor safety kick-off meetings** to support FEMA restoration with over 78 contractors

Improving Outreach and Response to Our Customers

- Responded to over **1.1 million customer calls**
- The average speed of answer was **under 5 minutes for the quarter**
- Opened **one additional Contact Center** in Isabela
- Procured **emergency contract with third-party contact center** to help handle increased call volume due to Hurricane Fiona
- Significant **improvements to billing** and resulting in monthly billed revenue of \$501,343,188
- Implemented a new software tool to enable customer service advisors to **respond to customer inquiries more effectively and efficiently**



Repairing, Restoring & Rebuilding the Electric Grid

- Replaced **580+ broken and failing utility poles** bringing the **total poles replaced to over 3,500** since commencement
- Completed a total of **12,718 streetlight replacements** to date in the municipalities of Aguada, Guánica, Lajas, Luquillo, and Maunabo
- Constructed and **energized four federally funded projects to date**
- Submitted 142 Projects/Program initial SOWs to PREB to date representing an estimated **\$8.4 billion in reconstruction work** that is being advanced within LUMA
- **Received FEMA Obligation for 38 projects** representing \$200 million

Sustainable Energy Transformation

- Activated net metering for **8,500+ rooftop solar installations** representing over 40 MW bringing the total to over 35,500 customers activated, representing more than 170 MW
- Won **two DOE grants resulting in \$4.5 million** of funding and submitted three additional concept papers
- **Collaborated with the National Renewable Energy Laboratory** on the wind study titled “Wind Energy Costs in Puerto Rico through 2035” which will inform the IRP and the PR100 study
- Continued work on Tranche 1 interconnection studies for the **additional Battery Energy Storage System projects** approved by the Energy Bureau

Q1 FY2023 Financial Performance

In the first quarter of fiscal year 2023 (FY2023), **LUMA has come in under budget for the quarter** while spending 22% of its annual operational and non-federally funded capital budgets. Due to the declared federal emergency, Hurricane Fiona, LUMA will be requesting reimbursement for many of the operational costs incurred to restore the grid following the Hurricane from Federal Emergency Management Agency (FEMA). At this time, **LUMA remains on track for no modification to the Base Rate established by the Energy Bureau's 2017 Rate Order.**

Summary of Q1 FY2023 Spending (\$ millions)

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals	Variance (\$)	Variance (%)
Transmission & Distribution					
Operating Expenditures ²	\$ 547.1	\$ 140.4	\$ 125.3		
Non-Federally Funded Capital Expenditures ²	\$ 79.8	\$ 23.3	\$ 9.6		
Subtotal²	\$ 626.9	\$ 163.8	\$ 135.0	\$ 28.8	18%
Federally Funded Capital Expenditures	\$ 580.7	\$ 143.4	\$ 37.6	\$ 105.8	74%

¹ FY 2023 Q1 Proposed Budget figures above include a 2% Reserve for Excess Expenditures and Interim Costs and Expenses.

² Figures may not add due to rounding.

Transmission & Distribution Operating Expenditures (\$ millions)

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Labor					
Salaries, Wages and Benefits	246.5	63.8	59.9	3.8	
Total Labor	\$ 246.5	\$ 63.8	\$ 59.9	\$ 3.8	6%
Non-Labor					
Materials & Supplies	36.7	9.2	7.4	1.8	
Transportation, Per Diem, and Mileage	28.3	7.2	4.3	3.0	
Property & Casualty Insurance	21.7	5.4	4.1	1.4	
Security	9.7	2.4	2.2	0.2	
IT Service Agreements	25.1	6.5	7.2	(0.7)	
Utilities & Rents	10.0	3.4	3.2	0.2	
Legal Services	7.1	1.8	1.6	0.2	
Communications Expenses	1.4	0.3	0.0	0.3	
Professional & Technical Outsourced Services	81.7	20.5	22.4	(1.9)	
Vegetation Management	50.0	12.5	11.2	1.3	
Regulation and Environmental Inspection	0.5	0.1	-	0.1	
Other Miscellaneous Expenses	17.7	4.5	1.9	2.6	
Other Expenses	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 289.9	\$ 73.9	\$ 65.4	\$ 8.5	11%
Subtotal	\$ 536.4	\$ 137.7	\$ 125.3	\$ 12.3	9%
2% Reserve for Excess Expenditures	10.7	2.8	-	10.7	
Total Operating Expenditures	\$ 547.1	\$ 140.4	\$ 125.3	\$ 23.1	16%

¹ Figures may not add due to rounding.

Operating Expenditures by Department

Customer Experience Operational Expenditures (\$ millions)

LUMA's Customer Experience Department is core to LUMA's mission to deliver customer-centric, reliable, resilient, safe, and sustainable electricity through the implementation of appropriate communication protocols and standard billing and collection practices that personify courtesy, capture efficiencies, and create proactive solutions for customers.

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Labor					
Salaries, Wages and Benefits	44.8	11.1	9.5	1.7	
Total Labor	\$ 44.8	\$ 11.1	\$ 9.5	\$ 1.7	15%
Non-Labor					
Materials & Supplies	0.3	0.1	0.0	0.1	
Transportation, Per Diem, and Mileage	1.0	0.3	0.2	0.1	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	0.9	0.4	0.0	0.4	
Utilities & Rents	0.1	0.0	0.3	(0.3)	
Legal Services	-	-	-	-	
Communications Expenses	0.2	0.0	-	0.0	
Professional & Technical Outsourced Services	33.5	8.4	8.2	0.2	
Vegetation Management	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	
Other Miscellaneous Expenses	0.2	0.0	0.1	(0.0)	
Other Expenses	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 36.2	\$ 9.3	\$ 8.8	\$ 0.5	5%
Total Operating Expense	\$ 81.0	\$ 20.4	\$ 18.3	\$ 2.2	11%

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2023:

- Opened one additional Contact Center in Isabela
- Processed ~\$34 million in energy assistance funds (Covid Rental, Low Income Home Energy Assistance Program, Covid Owner, Negative Rent, & Energy Crisis & American Rescue Plan Act) for the benefit of customers
- Procured utility intelligence platform for data reporting, dashboard and control monitoring for billing, advanced payment analytics and bad debt & collections
- Implemented several process improvements in Billing Services resulting in monthly billed revenue of \$501,343,188
- Initiated additional Voice of the Customer listening posts to inform customer satisfaction improvements
- Engaged with Puerto Rico Department of Transportation and Public Works to standardize and streamline permitting process for future lighting projects
- Launched new software platform for Customer Experience advisors that will enable more effective and efficient customer service delivery. The tool provides advisors with better visibility to the customer's journey with LUMA
- Completed testing on active/non-active accounts receivable report that will enable analysis of commercial/industrial dunning and disconnection planning
- Met with key stakeholders including the Pharmaceutical Association, the Telecom Association, Energy Affairs Secretary, Central Office for Recovery, Reconstruction and Resiliency and others to review LUMA's capital plans
- Provided training to all Low Voltage employees on the newly implemented Low Voltage (LV) Application resulting in a 50% increase in service order completions per month
- Completed a full Request for Proposal (RFP) for payment processing to improve customer options and reduce costs and reduced the deposit refund timeframe for customers by 50%

- Trained >100 field employees on how to handle energy irregularity cases

The primary driver for the \$2.2 million favorable variance for the department is related to a \$1.7 million favorable variance in Labor as a result of many of the department's employees working on customer service activities related to Hurricane Fiona rather than regular ongoing customer service activities in the month of September.

Operations Operating Expenditures (\$ in millions)

The Operations Department oversees and manages the day-to-day work on the transmission and distribution infrastructure critical to providing safe and reliable electric service to all our 1.5 million customers. Overall, the highest priority of LUMA operations continues to be the safety of our workforce and our customers, while also taking actions to also address reliability and resiliency issues.

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Labor					
Salaries, Wages and Benefits	119.5	32.4	31.5	0.9	
Total Labor	\$ 119.5	\$ 32.4	\$ 31.5	\$ 0.9	3%
Non-Labor					
Materials & Supplies	32.8	8.2	6.3	1.9	
Transportation, Per Diem, and Mileage	22.4	5.8	2.5	3.2	
Property & Casualty Insurance	-	-	-	-	
Security	0.0	0.0	-	0.0	
IT Service Agreements	0.8	0.2	0.0	0.2	
Utilities & Rents	3.0	1.6	1.4	0.2	
Legal Services	-	-	0.0	(0.0)	
Communications Expenses	0.1	0.0	0.0	(0.0)	
Professional & Technical Outsourced Services	14.2	3.6	4.0	(0.5)	
Vegetation Management	50.0	12.5	11.2	1.3	
Regulation and Environmental Inspection	-	-	-	-	
Other Miscellaneous Expenses	13.4	3.4	0.2	3.2	
Other Expenses	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 136.8	\$ 35.2	\$ 25.7	\$ 9.5	27%
Total Operating Expense	\$ 256.2	\$ 67.7	\$ 57.2	\$ 10.5	15%

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2023:

- Completed Hazardous Materials (HAZMAT) certification for over 20 employees including mechanics, managers, and DOT coordinators
- Completed 1,400 hours of Altec training for 35 mechanics
- Repaired and opened the San Germán workshop for a total of 17 fleet workshops system-wide
- Implemented a night maintenance program for specialized fleet units, improving the availability of these assets
- Successfully completed the replacement of two 230 kV oil circuit breakers, over the course of a month, at the Costa Sur Substation which were damaged during the April 6, 2022 substation explosion (including upgrades to the protection system)
- Upgraded the Cañas Substation transformer protection differential system
- Reclaimed more than 245 miles of transmission and distribution (T&D) right-of-way
- Developed a three-year plan to bring breakers and transformers into industry-standard maintenance cycle
- Provided 2,640 hours and 1,600 hours of upskilling program and apprenticeship program training respectively
- Addressed 96,484 service orders and installed 5,569 net meters, 3,417 streetlights, and 590 poles in the quarter
- Performed 100% of dissolved gas analysis on all transformers on the system (first time the cycle has been completed)

- Completed two cycles of inspections of the 23 most critical substations

Key variances within the Operations department's operational expenditures include a favorable variance in Labor costs of \$0.9 million. LUMA actually incurred higher than budgeted labor expenses in the quarter related to additional skilled employees which were temporarily brought on board for hurricane season in preparation for a potential major storm event. However, these additional labor expenses were more than offset by the reduction in expenses due to much of the department's labor resources in the quarter being dedicated to emergency response and outage restoration efforts rather than regular ongoing operations and maintenance activities. The significant underspends in Materials & Supplies and Transportation, Per Diem and Mileage expenses for the quarter also related to response and outage restoration activities as a significant amount of the expenses incurred in these categories in the quarter related to such activities.

The lower-than-budgeted spend on Vegetation Management for the quarter was due to vendor availability being lower than expected. However, this variance is expected to reverse in subsequent quarters as LUMA is still forecasting to spend the entire annual budget for Vegetation Management activities in FY2023.

Utility Transformation Operating Expenditures (\$ in millions)

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, supports key initiatives as defined in the System Remediation Plan (SRP) and maintains focus on the long-range vision articulated in the Integrated Resource Plan (IRP). This department also plans and implements the capital investment programs, including all federally funded work on the electric grid.

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Labor					
Salaries, Wages and Benefits	29.1	7.1	7.8	(0.7)	
Total Labor	\$ 29.1	\$ 7.1	\$ 7.8	\$ (0.7)	(9%)
Non-Labor					
Materials & Supplies	1.1	0.3	0.7	(0.3)	
Transportation, Per Diem, and Mileage	2.5	0.6	1.1	(0.4)	
Property & Casualty Insurance	-	-	-	-	
Security	-	-	-	-	
IT Service Agreements	0.1	0.0	0.1	(0.0)	
Utilities & Rents	1.8	0.4	0.3	0.1	
Legal Services	-	-	0.0	(0.0)	
Communications Expenses	0.0	0.0	-	0.0	
Professional & Technical Outsourced Services	5.5	1.4	1.7	(0.4)	
Vegetation Management	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	
Other Miscellaneous Expenses	1.0	0.3	0.0	0.2	
Other Expenses	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 12.0	\$ 3.1	\$ 3.9	\$ (0.8)	(27%)
Total Operating Expense	\$ 41.2	\$ 10.2	\$ 11.7	\$ (1.5)	(15%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2023:

- Prepared RFP for Energy Efficiency Administration contractor
- Continued to develop a new Net Energy Metering (NEM) portal to streamline the NEM application process and handle the increased number of NEM applications

- Held quarterly Thermal Generator Subcommittee stakeholder meeting with LUMA's System Operations – including AES, EcoElectrica and Puerto Rico Electric Power Authority (PREPA). These quarterly meetings enable coordination with the thermal generation providers and reinforcement of compliance with the System Operation Principles
- Continued the RFP process for the Energy Management System (EMS) replacement which will replace the currently outdated EMS system
- Completed system and asset planning studies necessary to confirm project scopes, functional specifications, and prioritization of project activities to improve the reliability and performance of the T&D System
- Performed outage and root cause analysis to identify improvement opportunities

Key factors impacting the \$4.6 million unfavorable variance for Utility Transformation include Labor and Professional & Technical Services. The \$2.7 million unfavorable variance in Labor is primarily related to engineering labor costs, some of which are anticipated to be reclassified as invoices are processed. The \$1.5 million unfavorable variance in Professional & Technical Services is primarily attributable to expenses incurred related to the advancement of third-party attachment and renewable interconnection work.

Support Services Operating Expenditures (\$ in millions)

LUMA's Support Services functions enable the delivery of electric service by supporting the whole business. These include safety, emergency management, Information Technology and Operations Technology (IT OT), environmental, legal, procurement, regulatory and other areas that are imperative to LUMA's success in meeting its mission and achieving its key goals.

	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Labor					
Salaries, Wages and Benefits	53.1	13.1	11.2	1.9	
Total Labor	\$ 53.1	\$ 13.1	\$ 11.2	\$ 1.9	14%
Non-Labor					
Materials & Supplies	2.5	0.6	0.4	0.2	
Transportation, Per Diem, and Mileage	2.3	0.6	0.5	0.1	
Property & Casualty Insurance	21.7	5.4	4.1	1.4	
Security	9.7	2.4	2.2	0.2	
IT Service Agreements	23.3	5.8	7.1	(1.2)	
Utilities & Rents	5.2	1.3	1.1	0.2	
Legal Services	7.1	1.8	1.6	0.2	
Communications Expenses	1.1	0.3	0.0	0.3	
Professional & Technical Outsourced Services	28.4	7.2	8.5	(1.3)	
Vegetation Management	-	-	-	-	
Regulation and Environmental Inspection	0.5	0.1	-	0.1	
Other Miscellaneous Expenses	3.1	0.8	1.6	(0.8)	
Other Expenses	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 104.9	\$ 26.3	\$ 27.0	\$ (0.7)	(3%)
Total Operating Expense	\$ 158.0	\$ 39.4	\$ 38.2	\$ 1.2	3%

¹ Figures may not add due to rounding.

Key activities accomplished during Q1 FY2023:

- Optimized Santurce complex office space use by removing excess walls and creating 260 new workspaces to support the growing LUMA team while producing a total of 20,000 square feet of renovated space
- Implemented the use of more efficient reporting tools for internal and external financial reporting which allowed for a reduction of approximately 160 work hours in reporting time
- Reflected learnings from three emergency preparedness tabletop exercises with FEMA, Department of Energy, PREPA, Puerto Rico Emergency Management Bureau, and other local stakeholders

- Completed an Emergency Operations Center mock drill based on a category 4 hurricane, making landfall with 75 attendees in preparation for hurricane season
- Held construction contractor safety kick-off meetings to support FEMA restoration with over 78 contractors to ensure work is executed safely and meets LUMA's expectations of keeping workers safe
- Performed 743 health, safety, and environmental observations on operations and construction teams in order to verify adherence to safety policies and procedures, minimize incidents and determine common safety issues
- Continued hiring and onboarding with 12 onboarding sessions offered for 161 new hires

For the quarter, Support Services had a net \$1.2 million favorable variance as compared to budget. Labor costs for the Support Services department were lower than budgeted as it took longer than anticipated to hire and onboard qualified employees with the required skills. As a result, the costs for Professional & Technical Outsourced Services were \$1.3 million higher than budget mainly due to the need to contract additional skilled support to complete critical functions in procurement and finance.

Property & Casualty Insurance costs for the quarter were \$1.4 million lower than budgeted, primarily due to a large percentage of the overall cost being allocated to Shared Services as a greater proportion of the premiums were related to generation assets than was budgeted.

Transmission & Distribution Capital Expenditures — Federally and Non-Federally Funded (\$ millions)

	Federally Funded Capital ¹					Non-Federally Funded Capital ¹				
	FY2023 Proposed Budget	Q1 Budget	Q1 Actuals	Variance (\$)	Variance (%)	FY2023 Proposed Budget	Q1 Budget	Q1 Actuals	Variance (\$)	Variance (%)
Improvement Portfolio										
Customer Experience	107.3	26.8	14.4	12.4		6.6	3.6	1.2	2.5	
Distribution	151.3	37.8	4.7	33.1		14.6	3.6	4.7	(1.0)	
Transmission	126.2	32.1	6.0	26.1		0.1	0.0	0.2	(0.1)	
Substations	110.6	27.6	4.4	23.3		22.0	5.5	1.2	4.3	
Control Center & Buildings	45.0	8.2	0.5	7.7		3.7	1.0	0.3	0.7	
Enabling	20.1	5.8	7.5	(1.7)		21.6	5.8	1.6	4.2	
Support Services	8.8	2.2	0.1	2.1		9.6	3.2	0.5	2.7	
Subtotal	\$ 569.3	\$ 140.6	\$ 37.6	\$ 103.0	73%	\$ 78.2	\$ 22.9	\$ 9.6	\$ 13.3	58%
Other										
2% Reserve for Excess Expenditures	11.4	2.8	-	11.4		1.6	0.5	-	1.6	
Total Capital Expenditures	\$ 580.7	\$ 143.4	\$ 37.6	\$ 114.4	80%	\$ 79.8	\$ 23.3	\$ 9.6	\$ 14.8	64%

¹ Figures may not add due to rounding.

The financial information provided within this report has not been subject to audit, and this information is not appropriate for unintended purposes. The limitations and lack of integration of PREPA's financial and related systems and identified pre-existing control gaps may also affect the overall accuracy of reported results.

FY2023 Improvement Programs

The grid inherited from PREPA could not be operated immediately according to Prudent Utility Practice and minimum industry standards. LUMA's Improvement Programs¹ were designed to address the significant and substantial gaps identified prior to commencement of operations and bring the utility's operations and assets up to a minimum industry standard. Program spending includes operating expenditures and capital costs within the FY2023 proposed budget and is included in the 2022 Fiscal Plan approved by the FOMB in June 2022.

Improvement Portfolio Summary (\$ millions)

Portfolio	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance (\$) ¹	Variance (%)
Customer Experience	135.2	35.7	19.0	16.7	47%
Distribution	179.0	46.5	9.9	36.6	79%
Transmission	126.7	32.2	6.2	26.0	81%
Substation	134.7	33.5	5.6	27.9	83%
Control Center & Buildings	51.5	9.9	0.9	9.0	91%
Enabling	113.0	29.2	27.0	2.2	7%
Support Services	102.2	27.1	23.2	3.8	14%
Total	\$ 842.3	\$ 214.0	\$ 91.9	\$ 122.1	57%

¹ Figures may not add due to rounding.

¹ These programs were developed in late 2020, subsequently reviewed and approved by P3 Authority, and then reviewed and approved by the Energy Bureau as part of the Initial Budgets in docket NEPR-MI-2021-0004 and the System Remediation Plan in docket NEPR-MI-2020-0019. Within these programs, specific project initial SOWs for federally funded projects have been submitted for review and approval by the Energy Bureau in docket NEPR-MI-2021-0002. Detailed information on the budget, the System Remediation Plan and the implementation of federally funded capital investments is publicly available on PREB's website for the corresponding dockets.

Customer Experience Improvement Portfolio Summary (\$ millions)

Customer Experience Improvement Portfolio focuses on enhancing the customer experience including Distribution Streetlighting and Billing Accuracy and Back Office.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Distribution Streetlighting	\$ 105.0	\$ 26.2	\$ 14.4	\$ 11.9	
Federally Funded	105.0	26.2	14.3		
Non-Federally Funded	-	-	0.0		
OpEx	-	-	-		
SRP	31.5	7.9	4.3		
Billing Accuracy & Back Office	\$ 12.9	\$ 3.3	\$ 3.0	\$ 0.2	
Federally Funded	-	-	-		
Non-Federally Funded	0.7	0.2	0.2		
OpEx	12.2	3.0	2.9		
SRP	2.0	0.5	0.5		
Programs <5% of Portfolio Total	\$ 17.4	\$ 6.2	\$ 1.6	\$ 4.6	
Federally Funded	2.4	0.6	0.1		
Non-Federally Funded	5.9	3.4	1.0		
OpEx	9.1	2.2	0.6		
SRP	8.8	3.2	0.1		
Total	\$ 135.2	\$ 35.7	\$ 19.0	\$ 16.7	47%

¹ Figures may not add due to rounding.

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q1 FY2023 activities included submitting six streetlight projects for the communities of Aibonito, Cataño, Villalba, Manatí, Dorado and Hatillo to FEMA for approval, receiving one Streetlight project approval by FEMA for the community of Villalba, and completing two new Engineering Work Order Packages. Additionally, LUMA started defining work zones and priorities for four new projects. The total spend is lower than anticipated due to a deferred schedule as a result of LUMA's response and restoration efforts to Hurricane Fiona in September. Activities to achieve milestones are in progress for FY2023.

The **Billing Accuracy and Back Office** program includes updates to print and delivery of bills and other back-office systems to improve the accuracy and timeliness of customer invoices. Key Q1 FY2023 activities included developing and approving the statement of work for customer care and billing (CC&B) optimization project sub-teams, hosting a workshop with customer experience leadership regarding the CC&B user roles and functions for various teams and launching the utility intelligence platform for data reporting, dashboard and control monitoring for billing, advanced payment analytics and debt & collections. The quarterly spend for this program is in line with the budget and the variance is immaterial. Activities to achieve milestones are in progress for FY2023.

Distribution Improvement Portfolio Summary (\$ millions)

The Distribution portfolio focuses on improving the low voltage system including Distribution Pole and Conductor Repair, Distribution Line Rebuild, Distribution Automation, and Distribution Line Assessments.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Distribution Pole & Conductor Repair	\$ 65.9	\$ 16.5	\$ 3.9	\$ 12.6	
Federally Funded	54.0	13.5	2.1		
Non-Federally Funded	1.0	0.3	1.7		
OpEx	10.9	2.7	0.0		
SRP	65.9	16.5	3.9		
Distribution Line Rebuild	\$ 56.4	\$ 14.1	\$ 3.7	\$ 10.4	
Federally Funded	51.3	12.8	0.8		
Non-Federally Funded	5.0	1.3	2.5		
OpEx	0.0	0.0	0.4		
SRP	5.0	1.3	0.3		
Distribution Automation	\$ 35.6	\$ 9.6	\$ 2.0	\$ 7.7	
Federally Funded	26.3	6.6	1.4		
Non-Federally Funded	8.4	2.1	0.5		
OpEx	1.0	1.0	-		
SRP	-	-	-		
Distribution Lines Assessment	\$ 21.2	\$ 6.2	\$ 0.3	\$ 5.9	
Federally Funded	19.7	4.9	0.3		
Non-Federally Funded	0.2	0.1	-		
OpEx	1.3	1.3	-		
SRP	21.2	6.2	0.3		
Total	\$ 179.0	\$ 46.5	\$ 9.9	\$ 36.6	79%

¹ Figures may not add due to rounding.

The **Distribution Pole & Conductor Repair** program focuses on minimizing the safety hazard caused by distribution poles and conductors that need to be repaired or replaced. Major repairs and replacement will be based on the results of assessment analyses by engineers. Key Q1 FY2023 activities include receiving the approval of 12 projects representing work on 68 feeders, submitting five projects to contractors for construction work and completing 24 project work order packages, totaling 101 feeders, in preparation for the engineering design of pole replacement projects. Variance is driven by a delayed start of the contractors due to the Hurricane Fiona interruption and lower participation of contractors as well as fewer crews available per contractor. Activities to achieve milestones are in progress for FY2023.

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines by performing distribution line upgrades to improve reliability and resiliency, restoring out of service circuits, completing unfinished circuit construction presently abandoned, performing circuit voltage conversions to improve distribution capacity, building new distribution line extensions to connect new customers, and installing underground cable and/or tree wiring to improve service reliability and resiliency to critical customers. Key Q1 FY2023 activities include completing reliability analysis on 80 feeders, completing planning analysis on 84 feeders, completing the Quality Assurance stage for reliability analysis on 47 feeders and planning analysis on 63 feeders, and completing task order, scope of work (SOWs) on 90 feeders. Variance is mainly due to additional engineering activities required, procurement taking longer than anticipated because of the complex nature of federal procurement requirements and processes and global supply chain challenges in particular for utility industry materials and services. Activities to achieve milestones are in progress for FY2023.

The **Distribution Automation** program focuses on establishing equipment for distribution automation. Key Q1 FY2023 activities include commissioning 11 Reclosers and installing 27 Trip Savers. Variance is mainly due to additional engineering activities required and procurement taking longer than anticipated because of the complex nature of federal

procurement requirements and processes. Additionally, delays in equipment deliveries caused by manufacturing process deferrals and supply chain issues contributed to the variance.

The **Distribution Lines Assessments** program is targeted at the assessment, testing and study of distribution lines, along with required spot repairs and replacements. Key Q1 FY2023 activities include completing high level assessments to 76 feeders representing 65% of the currently identified 1,128 feeder assessments required. The spend for this program is lower than anticipated mainly due to the delay of the Preliminary Engineering Data Collection RFP, which will be reissued to ensure federal funding compliance. Offsetting this are the distribution line assessments which are progressing faster than anticipated and assessment results that are used to assess, prioritize, and develop capital improvement plans. Activities to achieve milestones are in progress for FY2023.

Transmission Improvement Portfolio Summary (\$ millions)

The Transmission portfolio focuses on improving system recovery, resilience, and transformation through the Transmission Line Rebuild program IT OT Telecom Systems and Network program and the Transmission Priority Pole Replacements program.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Transmission Line Rebuild	\$ 85.3	\$ 21.3	\$ 5.6	\$ 15.7	
Federally Funded	85.3	21.3	5.5		
Non-Federally Funded	-	-	0.2		
OpEx	-	-	(0.0)		
SRP	83.1	20.8	5.5		
IT OT Telecom Systems & Network	\$ 32.4	\$ 8.6	\$ 0.5	\$ 8.1	
Federally Funded	32.0	8.6	0.5		
Non-Federally Funded	-	-	-		
OpEx	0.4	0.1	0.1		
SRP	32.4	8.6	0.5		
Transmission Priority Pole Replacements	\$ 6.0	\$ 1.5	\$ 0.1	\$ 1.4	
Federally Funded	6.0	1.5	0.1		
Non-Federally Funded	-	-	0.0		
OpEx	-	-	-		
SRP	6.0	1.5	0.1		
Programs <5% of Portfolio Total	\$ 3.0	\$ 0.7	\$ 0.0	\$ 0.7	
Federally Funded	2.9	0.7	0.0		
Non-Federally Funded	0.1	0.0	-		
OpEx	-	-	-		
SRP	3.0	0.7	0.0		
Total	\$ 126.7	\$ 32.2	\$ 6.2	\$ 26.0	81%

¹ Figures may not add due to rounding.

The **Transmission Line Rebuild** program focuses on rebuilding, hardening, and upgrading 230 kV, 115 kV, and 38 kV transmission infrastructure. Key Q1 FY2023 activities include preparation of task order SOWs for 22 transmission line rebuild projects, preparing Class 3 estimates for three projects, receiving FEMA numbers for 38 projects and submitting detailed SOWs to FEMA for 11 projects. Variance is mainly due to additional engineering activities required, procurement taking longer than anticipated because of the complex nature of federal procurement requirements and processes and global supply chain challenges in particular for utility industry materials and services. Activities to achieve milestones are in progress for FY2023.

The **IT OT Telecom Systems & Network** program includes IT and OT telecom investments to improve and revamp the systems used to carry T&D System IT and OT data. Key Q1 FY2023 activities include completing procurement technical

specifications for Microwave Backbone and completing and publishing engineering specifications to be used by major stakeholders and designers for towers, fiber optic, substation, and telecom enclosures, amongst others. Variance is mainly due to the time required for LUMA to define and finalize the planning phase of the program which is taking longer than anticipated. The timeline may be affected by equipment delivery after orders are placed and contract execution as Telecom equipment have long lead times. Efforts on Hurricane Fiona's restoration may also affect deliveries of materials and labor. Activities to achieve milestones are in progress for FY2023.

The **Transmission Priority Pole Replacements** program includes activities to replace damaged overhead transmission poles and towers, along with associated hardware and conductors. Key Q1 FY2023 activities include completing 62 high level SOWs with Class 5 estimates on 30 transmission lines, submitting one project to FEMA and receiving approval by FEMA for 4 projects. Variance is mainly due to data analysis, engineering, and standards reviews required for project scope definition taking longer than anticipated, procurement taking longer than anticipated because of the complex nature of federal procurement requirements and processes and global supply chain challenges in particular for utility industry materials and services. Activities to achieve milestones are in progress for FY2023.

Substations Improvement Portfolio Summary (\$ millions)

The Substation portfolio aims to improve system resiliency and safety while rebuilding, hardening, and modernizing substations through the Substation Rebuilds program, Substation Security and Substation Reliability Program.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Substation Rebuilds	\$ 102.2	\$ 25.5	\$ 4.2	\$ 21.3	
Federally Funded	95.5	23.9	4.1		
Non-Federally Funded	6.7	1.7	0.1		
OpEx	-	-	-		
SRP	96.7	24.2	4.0		
Substation Security	\$ 17.6	\$ 4.4	\$ 0.1	\$ 4.3	
Federally Funded	15.1	3.8	0.1		
Non-Federally Funded	1.1	0.3	0.0		
OpEx	1.4	0.4	-		
SRP	15.9	4.0	0.1		
Substation Reliability	\$ 14.1	\$ 3.5	\$ 1.3	\$ 2.2	
Federally Funded	-	-	0.1		
Non-Federally Funded	14.1	3.5	1.1		
OpEx	-	-	0.1		
SRP	-	-	-		
Programs <5% of Portfolio Total	\$ 0.8	\$ 0.0	\$ -	\$ 0.0	
Federally Funded	-	-	-		
Non-Federally Funded	0.1	0.0	-		
OpEx	0.7	-	-		
SRP	-	-	-		
Total	\$ 134.7	\$ 33.5	\$ 5.6	\$ 27.9	83%

¹ Figures may not add due to rounding.

The **Substation Rebuilds** program focuses on improvements to T&D substations to strengthen the electric grid. Key Q1 FY2023 activities include completing planning analysis for 21 rebuild projects, completing functional specification reviews for 20 projects, submitting one project to FEMA, and receiving approval from FEMA for one project. Variance is mainly due to additional engineering activities required and procurement taking longer than anticipated because of the complex nature of federal procurement requirements and processes. FY2023 milestones are expected to be impacted.

The **Substation Security** program will focus on security at transmission substations. The program will replace and add new security technology and hardware to deter, detect and delay security incidents. Key Q1 FY2023 activities include responding to FEMA RFI's on the three submitted detailed SOWs and conducting the selection process for Federal Funded RFP and Invitation to Tender bid contracts in support of Closed-Circuit Television and electronic access control. Key Q1 FY2023 activities include responding to FEMA RFI's on the three submitted detailed SOWs and conducting the selection process for Federal Funded RFP and Invitation to Tender pen bid contracts in support of Closed-Circuit Television and electronic access control. Variance is mainly due to engineering activities being delayed versus budget as LUMA completes the procurement process for FEMA-compliant engineering services. Activities to achieve milestones are in progress for FY2023.

The **Substation Reliability** program covers upgrades and reinforcement to the existing and aging system infrastructure to improve system reliability. Key Q1 FY2023 activities include purchasing 13 – 48Vdc battery banks and 11 – 125Vdc battery banks for battery replacement, starting a generic template design for the Oil Circuit Breakers Replacement Program and SCADA Remote Access and submitting a Remote Terminal Units (RTU) Replacement project submitted to FEMA. The spend for this program is lower than anticipated mainly due to the development of the material and equipment specification requirements to align with industry codes and standards and procurement taking longer than anticipated because of the complex nature of federal procurement requirements and processes.

Control Center & Buildings Improvement Portfolio Summary (\$ millions)

The Control Center and Buildings portfolio focuses on building the necessary infrastructure to deliver economic and reliable energy and to meet applicable laws and regulations through the Critical Energy Management System Upgrades, Facilities Development & Implementation and Control Center Construction & Refurbishment.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Critical Energy Management System Upgrades	\$ 25.7	\$ 2.8	\$ 0.4	\$ 2.4	
Federally Funded	25.5	2.8	0.3		
Non-Federally Funded	0.2	0.1	0.1		
OpEx	-	-	-		
SRP	25.6	2.8	0.4		
Facilities Development & Implementation	\$ 14.8	\$ 3.7	\$ (0.2)	\$ 3.9	
Federally Funded	10.1	2.5	0.1		
Non-Federally Funded	2.3	0.6	0.2		
OpEx	2.4	0.6	(0.5)		
SRP	13.1	3.3	(0.2)		
Control Center Construction & Refurbishment	\$ 9.4	\$ 2.9	\$ 0.1	\$ 2.9	
Federally Funded	9.3	2.9	0.1		
Non-Federally Funded	0.1	0.0	-		
OpEx	-	-	-		
SRP	6.2	1.9	0.0		
Programs <5% of Portfolio Total	\$ 1.5	\$ 0.4	\$ 0.6	\$ (0.2)	
Federally Funded	0.1	0.0	0.0		
Non-Federally Funded	1.0	0.3	-		
OpEx	0.4	0.1	0.6		
SRP	0.1	0.0	-		
Total	\$ 51.5	\$ 9.9	\$ 0.9	\$ 9.0	91%

¹ Figures may not add due to rounding.

The **Critical EMS Upgrades** program will replace obsolete and unsupported EMS and add relevant technology to operate the electric system safely and reliably. Key Q1 FY2023 activities include completing the EMS proponent selection and to define processes for Point-to-Point testing of the EMS. The spend for this program is lower than anticipated mainly due to

delays in procurement of the EMS RFP bidding process. FY2023 milestones are expected to be impacted by at least 6 months.

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q1 FY2023 activities include commencing the evaluation of the Palo Seco complex, developing strategy to identify land acquisition targets with internal stakeholders, finalizing the first phase of the Santurce space optimization project, executing the handover of Isabela Contact Center, and selecting the Test Lab location. The spend for this program is lower than anticipated mainly due to procurement delays due to the complex nature of the Architecture and Engineering services contracts. Activities to achieve milestones are in progress for FY2023.

The **Control Center Construction & Refurbishment** program is targeted at the construction or refurbishment of buildings to house the main and backup control centers and all ancillary support services. Key Q1 FY2023 activities include completing contract negotiations with the Architectural and Engineering (A&E) vendor, signing the contract and scheduling meetings for the kick-off of the Schematic Design phase of the project, commencing evaluation of the Primary Control Center site relocation of existing operations, and continuing the search for Secondary Control Center site to acquire. The spend for this program is lower than anticipated mainly due to the procurement delays in signing the A&E contract. FY2023 milestones are expected to be impacted.

Enabling Improvement Portfolio Summary (\$ millions)

The Enabling portfolio of investment projects focuses on safety and operational excellence through the Vegetation Management program Vegetation Management, Compliance Studies Technology and Performance, Health, Safety, Environment and Quality (HSEQ) and Technical Training, T&D Fleet and Tools Repair & Management.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
Vegetation Management	\$ 50.0	\$ 12.5	\$ 11.2	\$ 1.3	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	50.0	12.5	11.2		
SRP	50.0	12.5	11.2		
Compliance, Studies, Technology and Performance	\$ 18.3	\$ 4.6	\$ 5.5	\$ (0.9)	
Federally Funded	16.3	4.1	4.5		
Non-Federally Funded	2.0	0.5	0.6		
OpEx	-	-	0.4		
SRP	15.3	3.8	4.6		
HSEQ and Technical Training	\$ 15.0	\$ 3.8	\$ 2.8	\$ 1.0	
Federally Funded	-	-	-		
Non-Federally Funded	-	-	-		
OpEx	15.0	3.8	2.8		
SRP	15.0	3.8	2.8		
T&D Fleet	\$ 12.2	\$ 2.8	\$ 3.5	\$ (0.7)	
Federally Funded	1.6	0.1	0.0		
Non-Federally Funded	8.2	2.0	0.0		
OpEx	2.4	0.6	3.4		
SRP	12.2	2.8	3.5		
Tools Repair & Management	\$ 6.0	\$ 1.5	\$ 0.2	\$ 1.3	
Federally Funded	-	-	-		
Non-Federally Funded	6.0	1.5	0.2		
OpEx	-	-	-		
SRP	6.0	1.5	0.2		
Programs <5% of Portfolio Total	\$ 11.6	\$ 4.1	\$ 3.9	\$ 0.2	
Federally Funded	2.3	1.6	3.0		
Non-Federally Funded	5.4	1.8	0.8		
OpEx	3.9	0.7	0.2		
SRP	4.8	1.3	0.4		
Total	\$ 113.0	\$ 29.2	\$ 27.0	\$ 2.2	7%

¹ Figures may not add due to rounding.

The **Vegetation Management** program includes work to abate or mitigate immediate vegetation risk in critical locations, along with an ongoing program to clear and re-establish the rights-of-way to standard widths. Key Q1 FY2023 activities include completing the first full clearing of a 115 kV Transmission Line, continuing the transition from reactive/corrective work to an increased percentage of reclamation maintenance work (162 miles of distribution reclamation and 84 miles of transmission reclamation), ramping up Vegetation Maintenance Contractors (however, these resources were reallocated to the restoration and cleanup efforts in response to Hurricane Fiona). The small variance of budget to actuals for this program is due to slower than expected ramp-up of the vendor. Activities to achieve milestones are on track for FY2023.

The **Compliance, Studies, Technology & Performance** program supports the completion of distribution planning and protection studies, as well as the production of hosting capacity information for public and internal use. This program also procures power quality monitoring equipment and meters for each district. Key Q1 FY2023 activities include completing 48 site visits and replacing 97 fuses, completing ground integrity testing for three sites, collecting the required short circuit data from LUMA Protection and Control completing two ground penetration surveys, developing preliminary engineering

drawings, completing a detailed procedure for the ground grid connection replacements with the anti-theft materials and bill of materials for the Hato Rey pilot project – confirmed materials available in the warehouse and procured any other additional materials needed. Variance is mainly due to the impacts of Hurricane Fiona on crew availability. Activities to achieve milestones are in progress for FY2023.

The **HSEQ and Technical Training** program provides HSEQ and technical training to field personnel. Key Q1 FY2023 activities include having 171 employees participate in an accredited apprenticeship and upskilling program through the LUMA College; having 980 employees participate in various HSE training programs including electrical safety training, excavations and trenching training, Occupational Safety and Health Administration electrical T&D training, and environmental requirements training; and partnering with the American Public Power Association to provide fall-protection awareness training to 103 employees. The variance of budget to actuals for this program is due to lower amounts of training completed in September 2022 associated with the Hurricane Fiona response. Activities to achieve milestones are in progress for FY2023.

The **T&D Fleet** program includes activities and investments to bring the current vehicle, aircraft, and equipment fleet up to industry standards and is focused on initializing and improving processes for data collection, repair, and maintenance of these assets. Key Q1 FY2023 activities include completing 1400 hours of Altec training for 35 mechanics; achieving HAZMAT Certification for over 20 employees including mechanics, managers, and DOT Coordinators; repairing and opening the San Germán workshop for a total of 17 fleet workshops system-wide; and implementing a night maintenance program for specialized units, thus, improving the availability of these assets. Variance reflects increased use of rentals, both to offset supply chain challenges in purchasing new vehicles (resulting in an underspend in the capital) and the need to double the number of light duty vehicles to respond to anticipated hurricanes. Activities to achieve milestones are on track for FY2023.

The **Tools Repair & Management** program focuses on a Personal Protective Equipment (PPE) and tooling plan to address safety needs along with putting in place a better system for managing PPE and tools including a centralized Tool and Equipment Crib system. Key Q1 FY2023 activities include completing an inventory for 50% of the existing tools that will comprise LUMA's tool crib, continued purchasing of required PPE to support field staffing levels, continued addressing critical tool inventory gaps (hot-sticks, rubber goods, grill, presses, ground chains, etc.), and continuing the procurement process for standalone tool crib service contract. The spending for this program is lower than anticipated due to supply chain issues. In addition, shifting scope, quotation, and procurement priorities from Lines to Substations, produced delays caused by the inherent complexities in the makeup of substation test equipment. Activities to achieve milestones are on track for FY2023.

Support Services Portfolio Summary (\$ millions)

The Support Services portfolio supports the overall successful operation of the utility through various programs including the HR Programs (Human Resources); the Renewables Integration, Minigrids and Generation Studies program, and the IT OT Asset Management program and Update to Third Party Use, Audit, Contract and Billing Procedures.

Program	FY2023 Proposed Budget ¹	Q1 Budget ¹	Q1 Actuals ¹	Variance \$	Variance %
HR Programs	\$ 62.8	\$ 15.6	\$ 19.8	\$ (4.2)	
Federally Funded	-	-	-		
Non-Federally Funded	0.4	0.1	-		
OpEx	62.5	15.6	19.8		
SRP	-	-	-		
Renewables Integration, Minigrids & Generation Studies	\$ 7.6	\$ 2.1	\$ 1.0	\$ 1.2	
Federally Funded	-	-	-		
Non-Federally Funded	2.6	0.9	-		
OpEx	4.9	1.2	1.0		
SRP	-	-	-		
IT OT Asset Management	\$ 7.0	\$ 1.6	\$ 0.3	\$ 1.3	
Federally Funded	5.9	1.5	0.0		
Non-Federally Funded	0.3	0.1	0.0		
OpEx	0.8	0.1	0.2		
SRP	7.0	1.6	0.3		
Update to Third Party Use, Audit, Contract and Billing Procedures	\$ 5.8	\$ 1.4	\$ 0.8	\$ 0.6	
Federally Funded	2.9	0.7	-		
Non-Federally Funded	-	-	-		
OpEx	2.8	0.7	0.8		
SRP	2.8	0.7	0.4		
Programs <5% of Portfolio Total	\$ 19.0	\$ 6.3	\$ 1.4	\$ 4.9	
Federally Funded	-	-	0.0		
Non-Federally Funded	6.3	2.2	0.5		
OpEx	12.7	4.1	0.8		
SRP	16.6	5.8	1.1		
Total	\$ 102.2	\$ 27.1	\$ 23.2	\$ 3.8	14%

¹ Figures may not add due to rounding.

The **HR Programs** program includes human resources activities to implement an employee benefit program, an employee engagement strategy, core compliance training and human capital management software. Key Q1 FY2023 activities include renewing multi-year contracts for health insurance, evaluating organizational training and development platforms, conducting training sessions, and developing new modules for the Human Capital Management System. The spending in this program is higher than budget mainly due to higher than budgeted employee benefit costs.

The **Renewables Integration, Minigrids and Generation Studies** program involves completing technical studies to inform generation and system planning to support compliance with the IRP requirements related to renewable integration, minigrids, energy efficiency and generation. Key FY2023 activities include filing the final draft of the Phase I Electric Vehicle Infrastructure Deployment Plan, issuing RFP for Energy Efficiency and Demand Response Program Implementation, issuing RFP for IRP Stakeholder Coordinator, filing and presenting in a technical conference the suggested changes to the current interconnection quarterly progress report. The variance for this program is mainly due to several activities that are in the process of ramping up after submitting plans to PREB.

IT OT Asset Management program introduced industry standard IT OT asset management procedures and continues to provide the necessary system upgrades to ensure the secure business operation and continuity, as well as improved customer responsiveness. The scope of the program includes assessing the application and infrastructure portfolio and beginning a series of software and infrastructure upgrades that drive toward a transition to cloud-based technology. IT OT resilience in this program also extends to the establishment of a new backup data center to ensure the reliability and resilience of technology systems. Key Q1 FY2023 activities include stabilizing LV App for meter replacement work, improving the Networks Operation Center monitoring of RTU, supporting the Distribution Engineering programs with

Distribution Monitoring technologies and implementing a damage assessment app to support Hurricane Fiona Recovery efforts. Variance is mainly attributed to the process being paused due to the focus being shifted to restoration efforts for Hurricane Fiona. FY2023 milestones are expected to be impacted due to FEMA-funded projects requiring longer procurement timelines to get approvals which are causing delays in project execution. Activities to achieve milestones are in progress for FY2023.

The **Update to Third Party Use, Audit, Contract and Billing Procedures** program is focused on updating procedures for third party use of land, use of infrastructure, audits, contracts, and billing. Key Q1 FY2023 activities include completing impact studies related to third party attachments, developing a communications plan to share the scope of all LUMA's capital plans with third parties and defining requirements for billing processes associated with Third Party annual fees and making ready charges. Variance is mainly due to the agreement terms still being under review due to the impact of newly developed processes. FY2023 milestones are expected to be impacted.

The financial information provided within this report has not been subject to audit, and this information is not appropriate for unintended purposes. The limitations and lack of integration of PREPA's financial and related systems and identified pre-existing control gaps may also affect the overall accuracy of reported results.



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