



LUMA Quarterly Report

For the Third Quarter of Fiscal Year 2023

Ending March 31, 2023

LUMAPR.COM

ProgresoDeLUMAPR.COM

Delivering a Brighter Energy Future for Puerto Rico

LUMA's entire workforce —over 3,000 men and women— is proud to serve the people of Puerto Rico as we continue to make real and measurable progress in our efforts to transform and modernize Puerto Rico's energy grid. We remain committed to building the energy system all our customers and all Puerto Ricans expect and deserve. Our goal —shared across our many vital partners and stakeholders— is to work together to build and deliver a brighter energy future for this generation and the next.

Throughout the third quarter of Fiscal Year 2023, and building on prior progress, LUMA has continued to deliver on our mission to build a more reliable, resilient, customer-focused, and cleaner energy system. In the past nine months, for example, we have installed over 38,800 streetlights, replaced over 4,200 broken and damaged poles, activated net metering for approximately 28,000 rooftop solar installations representing over 165 MW, and cleared vegetation from more than 1,400 miles of transmission and distribution right-of-way.

During the third quarter of Fiscal Year 2023, LUMA continued its historic and system-wide repair and reconstruction efforts to \$3 billion of critical infrastructure that was severely damaged by Category 1 Hurricane Fiona which brought 100 mph winds, over 30 inches of rain and widespread flooding to the island in September 2022. LUMA's ongoing response and restoration efforts following Hurricane Fiona represent a historic undertaking that has never been seen before in Puerto Rico.

LUMA operates government-owned transmission and distribution assets under a long-term operating agreement administered as part of a public-private partnership overseen by the Puerto Rico Public-Private Partnerships Authority (P3A) and subject to regulatory oversight by the Puerto Rico Energy Bureau. This report outlines our key activities for the third quarter of fiscal year 2023, dating from January 1, 2023, to March 31, 2023.

Prioritizing Safety

Our workers receive training to stay safe, and we are educating the public on electrical safety. In Q3 alone, LUMA conducted community electrical safety seminars with 990 employees across 48 municipalities.

System Rebuild and Resiliency

We are repairing critical grid assets and advancing federally funded capital projects. We submitted the Advanced Metering Infrastructure initial scope of work representing approximately \$780 million for PREB approval to improve Puerto Rico's metering units and communications systems.

Improving Customer Satisfaction

We continue to create new paths to listen and respond to customers. Our efforts achieved over 8,400 customers signing payment agreements resulting in the three highest consecutive months of enrollments since the commencement.

Operational Excellence

Our skilled workforce continues to grow through an expanded focus on specialized training. Moreover, in Q3, we hired 48 new apprentices for LUMA's Department of Labor-certified Utility Lineworkers Apprenticeship and Upskilling Program.

Sustainable Energy Transformation

Continuing to advance renewable energy, we activated over 28,000 rooftop solar installations net metering and collaborating in groundbreaking initiatives such as the PR100 study with the Department of Energy.

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

Progress for Puerto Rico during Fiscal Year 2023

Building a Better Energy Future for All LUMA Customers

ENHANCING RELIABILITY

Installed

181 DISTRIBUTION
AUTOMATION DEVICES



EXPANDING RENEWABLES

Activated approximately

28,000 ROOFTOP
SOLAR INSTALLATIONS
representing over **165 MW**



IMPROVING SAFETY

Completed more than

2,900 DIRECT TRAINING
HOURS

in the Utility Lineworker
Apprenticeship and Upskilling
Program



INCREASING RESILIENCY

Replaced more than

4,200
BROKEN AND
DAMAGED
utility poles



BETTER CUSTOMER SERVICE

Answered over

1,989,000

CALLS with an average
wait time of less than **2 MINUTES**



FEDERAL FUNDED PROJECTS

Submitted

63 INITIAL SCOPES OF
WORK to upgrade the system
across Puerto Rico





Prioritizing Safety and Training

- **Hired 48 new apprentices** for LUMA's Utility Lineworkers Apprenticeship and Upskilling Program
- Provided employees with **over 3,500 hours** of technical and safety training
- Completed **526** Department of Transportation inspections and **220** American National Standards Institute vehicle compliance inspections
- Conducted community electrical safety seminars with **990 employees of 48 municipalities**
- Coordinated **4,930 course completions** from FEMA's National Incident Management System during the quarter to improve employee knowledge of emergency processes and systems



Empowering Our Communities

- As part of LUMA's Power Your Future program, more than **40 female students** from the LEAP STEAM+E Academy of San Juan **built custom EV go-karts** mentored by 11 women from LUMA's engineering team. These bright minds came together to race and share the experience and one day might join the energy transformation LUMA is accelerating
- **Installed 446 smoke alarms** in residences of the Villa Esperanza and Villa Carolina communities as part of the American Red Cross Program *Sound the Alarm*
- During Women's History Month in March, LUMA teams **raised more than \$3,000 for Hogar Abrazo de Amor** to contribute to providing it with clean energy
- Presented *Seven Steps for Electrical Safety* to 5th graders in 440 public schools across Puerto Rico, **reaching over 14,000 students**

Improving Outreach and Response to Our Customers

- Responded to over **1,989,000 customer calls** since the start of the fiscal year
- Answered the phone, on average, in **under 2 minutes**
- **Enrolled customers in over 8,400 payment agreements** resulting in the 3 highest consecutive months of enrollments since the commencement
- LUMA **served over 1,501,650** customers year-to-date in-person across its 25 customer service centers with an average wait time of **under 8 minutes** during the third quarter
- Responded to **over 294,000 social media messages** since the start of the fiscal year

Advancing Federally Funded Projects

- Performed construction activities on **21 Distribution Pole and Conductor Replacement projects** in Arecibo, Bayamón, Caguas, Carolina, Mayagüez, Ponce, and San Juan Regions
- Construction activities continued with **11 Streetlight projects** within Aguada, Aibonito, Cataño, Dorado, Guánica, Hatillo, Lajas, Luquillo, Manatí, Maunabo and Villalba
- **Constructed and energized** six federally funded projects to date
- Submitted initial **Scopes of Work for 63 projects**, including the deployment of transmission and distribution automation to improve reliability
- **Received Federal Emergency Management Agency (FEMA) obligation for 102 projects** representing approximately \$455 million since the commencement of operations
- Submitted **two applications to the U.S. Department of Energy (DOE)** for more than \$100M of work
- Engaged with FEMA in improving the preliminary environmental project reviews to better identify impacts to **local protected flora and fauna**

Repairing, Restoring & Rebuilding the Electric Grid

- Replaced over **4,200 broken and damaged utility poles**, including over 1,150 repairs or replacements due to damage from Hurricane Fiona, since the start of the fiscal year
- Submitted for approval an **Advanced Metering Infrastructure Program** with the initial scope of work to the Energy Bureau representing approximately **\$780 million** to provide data-driven flexibility and resilience to customers
- **Replaced or repaired over 38,800 streetlight luminaires** in the municipalities of Aguada, Cataño, Aibonito, Dorado, Hatillo, Guánica, Lajas, Luquillo, Maunabo and Villalba since the start of the fiscal year
- **Cleared more than 1,400 miles of vegetation** from transmission and distribution lines since the start of the fiscal year including 230 miles cleared on federally funded capital projects

Empowering the Sustainable Energy Transformation

- Activated net metering for more than **28,000 rooftop solar installations** representing over 165 MW since the start of the fiscal year
- Continuing to execute additional studies to interconnect competitively bid **renewable energy utility-scale projects totally over approximately 366 MW** and providing technical support for the next round of projects for 500 MW of renewable generation and 250 MW of energy storage resources
- Continued engineering and technical work with FEMA Power System Stabilization Task Force to deploy 350 MW of temporary generation **to prevent island-wide blackouts due to generation shortages**
- Continued to support shovel-ready projects, including **Xzerta Tec 60 MW solar**, by providing interconnection services

Q3 FY2023 Financial Performance

As of March 31, 2023, LUMA's spending was within budget for the third quarter of Fiscal Year 2023 (FY2023), spending 74% of its annual operational and non-federally funded capital budget¹. At this time, LUMA remains on or under budget and does not expect to seek a modification to the Base Rate established by the Energy Bureau's 2017 Rate Order at this time.

Summary of Q3 FY2023 Spending (\$ millions)

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Transmission & Distribution							
Operating Expenditures ²	\$ 549.7	\$ 137.3	\$ 152.5	\$ 414.3	\$ 415.6	\$ (1.3)	
Non-Federally Funded Capital Expenditures ²	\$ 79.8	\$ 18.3	\$ 25.7	\$ 61.9	\$ 52.1	\$ 9.8	
Subtotal²	\$ 629.5	\$ 155.6	\$ 178.2	\$ 476.2	\$ 467.7	\$ 8.5	2%
Federally Funded Capital Expenditures	\$ 580.7	\$ 144.6	\$ 130.1	\$ 432.1	\$ 223.6	\$ 208.5	48%

¹ FY2023 Budget figures above include a 2% reserve for excess expenditures and interim costs and expenses.

² Figures may not add due to rounding.

¹ LUMA plans to seek reimbursement from the Federal Emergency Management Agency for many of the emergency costs incurred to restore the grid following Hurricane Fiona.

Transmission & Distribution Operating Expenditures (\$ millions)

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	246.5	60.9	64.1	185.5	197.4	(11.9)	
Total Labor	\$ 246.5	\$ 60.9	\$ 64.1	\$ 185.5	\$ 197.4	\$ (11.9)	(6%)
Non-Labor							
Materials & Supplies	36.7	9.1	10.6	27.5	30.5	(3.0)	
Transportation, Per Diem, and Mileage	28.3	7.0	10.7	21.3	14.4	6.9	
Property & Casualty Insurance	21.7	5.4	4.2	16.3	12.2	4.1	
Security	9.7	2.4	2.4	7.3	6.8	0.5	
IT Service Agreements	25.1	6.1	5.6	19.0	16.5	2.5	
Utilities & Rents	10.0	2.2	3.8	7.8	10.2	(2.4)	
Legal Services	7.8	2.0	2.9	6.0	7.0	(1.0)	
Communications Expenses	1.4	0.3	-	1.0	0.1	0.9	
Professional & Technical Outsourced Services	83.6	22.0	24.5	63.3	67.6	(4.3)	
Vegetation Management	50.0	12.5	22.0	37.5	47.0	(9.5)	
Regulation and Environmental Inspection	0.5	0.1	0.1	0.4	0.3	0.1	
Other Miscellaneous Expenses	17.7	4.7	1.6	13.4	5.6	7.8	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 292.5	\$ 73.8	\$ 88.4	\$ 220.8	\$ 218.2	\$ 2.6	1%
Subtotal	\$ 539.0	\$ 134.7	\$ 152.5	\$ 406.3	\$ 415.6	\$ (9.3)	(2%)
2% Reserve for Excess Expenditures	10.7	2.6	-	8.0	-	8.0	
Total Operating Expenditures	\$ 549.7	\$ 137.3	\$ 152.5	\$ 414.3	\$ 415.6	\$ (1.3)	(0%)

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 implementing appropriate communication protocols and standard billing and collection practices, LUMA has served customers with courtesy, captured efficiencies, and created proactive solutions for customers.

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	44.8	11.2	10.5	33.6	29.6	4.0	
Total Labor	\$ 44.8	\$ 11.2	\$ 10.5	\$ 33.6	\$ 29.6	\$ 4.0	12%
Non-Labor							
Materials & Supplies	0.3	-	-	0.2	0.1	0.1	
Transportation, Per Diem, and Mileage	1.0	0.3	0.1	0.8	0.4	0.4	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.9	-	-	0.8	-	0.8	
Utilities & Rents	0.1	0.1	0.1	0.1	0.7	(0.6)	
Legal Services	-	-	-	-	-	-	
Communications Expenses	0.2	-	-	0.1	-	0.1	
Professional & Technical Outsourced Services	33.5	8.4	9.1	25.2	25.5	(0.3)	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	0.2	-	-	0.1	0.1	-	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 36.2	\$ 8.8	\$ 9.3	\$ 27.3	\$ 26.8	\$ 0.5	2%
Total Operating Expense	\$ 81.0	\$ 20.0	\$ 19.8	\$ 60.9	\$ 56.4	\$ 4.5	7%

¹ Figures may not add due to rounding.

Key activities accomplished during Q3 FY2023:

- Held the 4th Voice of the Customer Summit, driving operational improvements based on detailed feedback from customers and satisfaction scoring
- Launched Customer Experience educational video clips for employee training, and developed new quality assurance evaluation forms
- Offered municipal-specific capital program presentations to more than 50% of the municipalities across the island
- Outlined several projects for enhancement or addition to self-service functionality (report outage without an advisor) for interactive voice response (IVR), web page, and application
- Outlined project plan to implement text messaging to keep customers informed without the need for a call to the contact center or visiting an office
- More than tripled the number of outbound collections calls from the same quarter last year through automated outbound call campaigns
- Completed meter tampering investigations on sites that had re-connections within a ten-day period
- Completed assessments, prepared implementation plans and tested approaches for meter lifecycle improvements to reduce estimated billing
- Completed the annual contribution *in lieu* of taxes (CILT) review process and communicated results to municipalities
- Offered safety presentations to over 14,000 fifth graders across 440 schools
- Finalized damage claim process, and began sending damage claim response letters to customers
- Completed initial go-live with the Utility Intelligence Platform enabling daily views and reporting of standard billing metrics
- Delivered a 7-Steps of Electrical Safety Program to 13 municipalities

The primary driver for the \$4.5 million favorable year-to-date variance for Customer Experience operating expenditures was labor savings due to higher call center productivity and slowed hiring.

Operations Operating Expenditures (\$ in millions)

The Operations Department oversees and manages the day-to-day work on the transmission and distribution (T&D) infrastructure and is 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 taking actions to address issues and improve reliability and resiliency issues.

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	119.5	29.0	37.4	90.5	114.5	(24.0)	
Total Labor	\$ 119.5	\$ 29.0	\$ 37.4	\$ 90.5	\$ 114.5	\$ (24.0)	(27%)
Non-Labor							
Materials & Supplies	32.8	8.2	9.4	24.6	27.8	(3.2)	
Transportation, Per Diem, and Mileage	22.4	5.6	8.7	16.9	8.9	8.0	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.8	0.2	0.1	0.6	0.3	0.3	
Utilities & Rents	3.0	0.4	1.2	2.5	3.6	(1.1)	
Legal Services	-	-	-	-	-	-	
Communications Expenses	0.1	-	-	-	0.1	(0.1)	
Professional & Technical Outsourced Services	14.2	3.6	2.7	10.7	8.0	2.7	
Vegetation Management	50.0	12.5	22.0	37.5	47.0	(9.5)	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	13.4	3.3	0.3	10.1	0.7	9.4	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 136.7	\$ 33.8	\$ 44.4	\$ 102.9	\$ 96.4	\$ 6.5	6%
Total Operating Expense	\$ 256.2	\$ 62.8	\$ 81.8	\$ 193.4	\$ 210.9	\$ (17.5)	(9%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q3 FY2023:

- Continued daily fleet repair and maintenance program in advance of hurricane season
- Initiated the replacement of the Conquistador Substation transformer that was out of service since 2017
- Hired 48 new apprentices into the LUMA Lineworker program for February 2023
- Completed 78,654 service orders and changed 5,813 net meters
- Completed 6 emergency preparedness Regional Operations Command Center (ROCC) tabletop exercises and 34,493 Incident Command System (ICS) training hours
- Completed transformer assessments for 28 critical substations after Hurricane Fiona
- Completed the high-priority repair of the Geographic Information System at the Covadonga Substation
- Repaired the 230KV 50314 breaker at Aguirre Substation
- Completed grid stabilization work at Palo Seco Substation for the PREPA/USACE portable generation initiative
- Supported the permanent repair efforts post-Hurricane Fiona
- Completed the reclamation of 612 miles (263 reclaimed miles for distribution and 349 reclaimed miles for transmission) of electric lines (including preventive and corrective/reactive work)
- Reached over 940 contracted full-time equivalents performing vegetation management work by the end of the quarter
- Developed and rolled out a process to capture GIS data efficiently by our field crews when discrepancies are observed
- Improved the data collection process for interruption metrics to help in the analysis of the events

The primary drivers for the \$17.5 million unfavorable year-to-date variance for Operations expenditures include salaries, wages and benefits, expenses mainly aimed at reducing future outage duration and frequency, improving system reliability

for the next 2023 hurricane season, and reducing the backlog of customer-driven service orders and net meter installs to accommodate customer renewable energy interconnections. Vegetation management expenditures were \$9.5 million, which is higher than budgeted, mainly due to conducting clearing work in preparation for the upcoming storm season, which includes 130 miles of 230 kV transmission lines. This work, for example, is vital to improving the system's overall reliability. It was critical because the loss of the 230 kV system—critical to the grid's stability across Puerto Rico and helps reduce the risk of significant outages—in the past has resulted in island-wide blackouts.

Full-Time Equivalent (FTE) Lineworkers

In accordance with the PREB's Resolution & Order published on February 27, 2023, LUMA is providing a quarterly status of FTE lineworkers qualified to work on energized lines. The following table outlines the requested information:

Lineworker Type	FY2023 Budget Internal Labor FTE Count	Actual Internal Labor FTE Count as of March 31, 2023	Internal Labor FTE Count Variance as of March 31, 2023	Total FTE Count including Contracted Lineworkers as of March 31, 2023 ⁴
Journeyman Lineworker ¹		398		398
Troubleman - Splicer ¹		1		231
Foreman ¹		135		135
Utility Lineworker 2 ²		89		89
Low-Voltage Technician		110		110
Utility Electrician		109		109
Apprentice Lineworker, 1st Period		34		34
Apprentice Lineworker, 2nd Period		34		34
Apprentice Lineworker, 3rd Period		21		21
Apprentice Lineworker, 4th Period		32		32
URD Technician		4		4
Utility Lineworker 1		2		2
Apprentice Lineworker		4		4
Total³	842	973	(131)	1203

¹ FTE lineworkers that can work on energized lines

² FTE lineworkers that can work on distribution live line work methods with a journeyman lineworker present

³ This number does not include groundmen, operators, and laborers that support lineworkers.

⁴ The budget associated with contracted lineworkers is included in the Professional and Technical Outsourced Services line item in Operations Operating Expenditures and, therefore, the FTE Count for these lineworkers was not included in the Internal Labor FTE Count for FY2023.

LUMA continues to hire and develop lineworkers to meet the requirements of the T&D System. LUMA has more lineworkers than budgeted primarily in order to address damages sustained from Hurricane Fiona. LUMA has also leveraged the increased number of lineworkers to reduce future outage duration and frequency, to improve system reliability for the next 2023 hurricane season, and to reduce the backlog of customer-driven service orders and net meter installs to accommodate customer renewable energy interconnections. As part of our recruiting process to continue to find qualified workers, in addition to internal recruiting efforts, LUMA engages recruiting firms and posts jobs to the worldwide professional network pool via digital platforms as well as LUMA's website.

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 and maintains focus on the long-range vision articulated in the Integrated Resource Plan. This department also plans and implements capital investment programs, including all federally funded work on the electric grid.

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	29.1	7.3	3.9	21.7	18.9	2.8	
Total Labor	\$ 29.1	\$ 7.3	\$ 3.9	\$ 21.7	\$ 18.9	\$ 2.8	13%
Non-Labor							
Materials & Supplies	1.1	0.2	0.2	0.8	0.8	-	
Transportation, Per Diem, and Mileage	2.5	0.6	1.3	1.9	3.4	(1.5)	
Property & Casualty Insurance	-	-	-	-	-	-	
Security	-	-	-	-	-	-	
IT Service Agreements	0.1	0.1	-	0.1	-	0.1	
Utilities & Rents	1.8	0.5	0.9	1.4	1.8	(0.4)	
Legal Services	-	-	-	-	-	-	
Communications Expenses	-	-	-	-	-	-	
Professional & Technical Outsourced Services	5.5	1.4	1.6	4.2	6.6	(2.4)	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	-	-	-	-	-	-	
Other Miscellaneous Expenses	1.1	0.3	(0.1)	0.7	0.1	0.6	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 12.1	\$ 3.1	\$ 3.9	\$ 9.1	\$ 12.7	\$ (3.6)	(40%)
Total Operating Expense	\$ 41.2	\$ 10.4	\$ 7.8	\$ 30.8	\$ 31.6	\$ (0.8)	(3%)

¹ Figures may not add due to rounding.

Key activities accomplished during Q3 FY2023:

- Processed third-party attachment (TPA) evaluations to ensure compliance with codes and standards
- Processed 272 TPA requests for a total of 10,016 attachments
- Issued 120-day notifications to the telecommunication companies to coordinate the relocation of TPA on poles being replaced
- Developed enhancements to the communication process to ensure TPAs do not impact the execution of LUMA capital work; continued development of an internal mechanism to collect a TPA application fee
- Submitted two Department of Energy (DOE) applications for more than \$100M of work
- Signed memorandums of understanding (MOUs) to support collaboration with the Puerto Rico Department of Education, Polytechnic University, and Interamericana University to bring more trained talent to LUMA's workforce
- Developed the plan and submission for the energy efficiency (EE) rate rider to fund approximately \$20.5M FY24 EE initiative
- Developed a program to build custom EV go-karts with more than 40 female students from the LEAP STEAM+E Academy of San Juan as part of LUMA's Power Your Future Program
- Activated a record number of net metering customers in this quarter, totaling 10,300
- Continued internal and external outreach in preparation for the filing of Puerto Rico's Electric Vehicle Adoption Plan
- Prepared for storm season and emergency events, including material preparedness reviews and training exercises, and drills
- Completed field maintenance activity support to include inspection and test results reviews, analysis, and documentation
- Provided assistance with troubleshooting, equipment evaluations, and material needs in response to system events and emergencies

The primary driver for the \$0.8 million year-to-date variance for Utility Transformation operating expenditures was higher than expected due to professional and technical services expenses related to grant planning and benefit articulation.

Support Services Operating Expenditures (\$ in millions)

LUMA's Support Service functions enable the delivery of electric service by supporting the entire enterprise. These functions 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 to meet its mission and achieve its key goals.

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor							
Salaries, Wages and Benefits	53.1	13.4	12.3	39.7	34.4	5.3	
Total Labor	\$ 53.1	\$ 13.4	\$ 12.3	\$ 39.7	\$ 34.4	\$ 5.3	13%
Non-Labor							
Materials & Supplies	2.5	0.7	1.0	1.9	1.8	0.1	
Transportation, Per Diem, and Mileage	2.4	0.5	0.6	1.7	1.7	-	
Property & Casualty Insurance	21.7	5.4	4.2	16.3	12.2	4.1	
Security	9.7	2.4	2.4	7.3	6.8	0.5	
IT Service Agreements	23.3	5.8	5.5	17.5	16.2	1.3	
Utilities & Rents	5.1	1.2	1.6	3.8	4.1	(0.3)	
Legal Services	7.8	2.0	2.9	6.0	7.0	(1.0)	
Communications Expenses	1.1	0.3	-	0.9	-	0.9	
Professional & Technical Outsourced Services	30.4	8.6	11.1	23.2	27.5	(4.3)	
Vegetation Management	-	-	-	-	-	-	
Regulation and Environmental Inspection	0.5	0.1	0.1	0.4	0.3	0.1	
Other Miscellaneous Expenses	3.0	1.1	1.4	2.5	4.7	(2.2)	
Other Expenses	-	-	-	-	-	-	
Total Non-Labor / Other Operating Expense	\$ 107.5	\$ 28.1	\$ 30.8	\$ 81.5	\$ 82.3	\$ (0.8)	(1%)
Total Operating Expense	\$ 160.6	\$ 41.5	\$ 43.1	\$ 121.2	\$ 116.7	\$ 4.5	4%

¹ Figures may not add due to rounding.

Key activities accomplished during Q3 FY2023:

- Completed an external mock drill exercise in collaboration with FEMA, PREPA, Puerto Rico Emergency Management Bureau (PREMB), and P3A in February 2023
- Coordinated 4,930 Incident Command System course completions for employees to improve employee knowledge of emergency processes and systems
- Engaged with the Department of Economic Development and Commerce (DDEC, by its Spanish acronym) and Puerto Rico Aqueduct and Sewer Authority (PRASA) to update critical customer lists in advance of the next hurricane season
- Engaged with FEMA to improve the preliminary environmental project reviews better to identify impacts on local protected flora and fauna
- Completed 1,447 health, safety, and environmental observations with operations and construction teams, including 406 observations specifically associated with Hurricane Fiona recovery efforts
- Signed and completed contract in support of federally-funded projects that require closed-circuit TV (CCTV) and electronic access control assessments, installation, and integration
- Received 35% of equipment ordered to support two program briefs for physical security requirements of CCTV
- Executed contract for asset management, space and design, and inventory management
- Optimized Santurce office complex space use by removing excess walls and creating 320 new workspaces
- Developed an action plan with Customer Experience and Operations to address customer damage claims that were presented to LUMA
- Implemented a business relationship management (BRM) team to partner closely with the other LUMA business teams. This team delivers technology solutions to support the modernization and transformation of the electric system
- Completed responses to over 50% of claims filed with the Risk Management department accounting for over 600 total claims, and expects a full response to those claims to be completed within four weeks

- Placed the property insurance coverage for LUMA and PREPA assets in a tight market with a lower increase in premiums than other Puerto Rican government agencies
- Created new recruiting metrics reports to capture statistics for job postings, new positions, interviews, and candidate actions; digitalized offer letters for interns and students; implemented the Jobs Hub app for internal candidates to find internal growth opportunities
- Designed configuration to digitalize performance improvement plans and disciplinary actions
- Delivered training on required HR compliance topics
- Implemented the first phase of the engineering career ladder
- Performed LUMA's 401k plan discrimination testing for the plan year 2022

The primary drivers for the \$4.5 million favorable year-to-date variance for Support Services operating expenditures include favorable variances of \$5.3 million in salaries, wages, and benefits and \$4.1 million in property and casualty insurance, offset by the unfavorable variance of \$4.2 million in professional and technical outsourced services.

Salaries, wages, and benefits expenses came in under budget due to lower than expected recruitment and new hires. As a result, the costs for professional and technical outsourced services were higher than budgeted due to the need to contract additional skilled support to complete critical financial functions. Property and casualty insurance expenses were lower than budgeted, mainly due to lower-than-expected premiums for the transmission and distribution grid as a portion of the total insurance program.

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

Federally Funded Capital¹

	FY2023 Budget	Q3 Budget	Q3 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	107.3	26.8	30.6	80.5	60.1	20.4	
Distribution	151.3	37.8	65.2	113.5	92.3	21.2	
Transmission	126.2	30.8	17.5	95.3	30.2	65.1	
Substations	110.6	27.6	9.0	82.9	19.2	63.7	
Control Center & Buildings	45.0	11.6	1.1	28.3	2.5	25.8	
Enabling	20.1	4.1	6.1	16.0	18.9	(3.0)	
Support Services	8.8	2.9	0.6	7.1	0.4	6.7	
Subtotal	\$ 569.3	\$ 141.8	\$ 130.1	\$ 423.6	\$ 223.6	\$ 200.0	47%
Other							
2% Reserve for Excess Expenditures	11.4	2.8	-	8.5	-	8.5	
Total Capital Expenditures	\$ 580.7	\$ 144.6	\$ 130.1	\$ 432.1	\$ 223.6	\$ 208.5	48%

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

	Non-Federally Funded Capital ¹						
	FY2023 Budget	Q3 Budget	Q3 Actuals	YTD Budget	YTD Actuals	YTD Variance (\$)	YTD Variance (%)
Improvement Portfolio							
Customer Experience	6.6	0.6	3.6	6.0	7.1	(1.1)	
Distribution	14.6	3.6	11.4	10.9	24.4	(13.4)	
Transmission	0.1	0.0	0.8	0.1	1.2	(1.1)	
Substations	22.0	5.5	3.4	16.5	6.0	10.6	
Control Center & Buildings	3.7	0.9	1.0	2.8	1.7	1.2	
Enabling	21.6	5.3	4.6	16.4	8.5	7.9	
Support Services	9.6	1.9	0.8	7.9	3.3	4.6	
Subtotal	\$ 78.2	\$ 17.9	\$ 25.7	\$ 60.7	\$ 52.1	\$ 8.6	14%
Other							
2% Reserve for Excess Expenditures	1.6	0.4	-	1.2	-	1.2	
Total Capital Expenditures	\$ 79.8	\$ 18.3	\$ 25.7	\$ 61.9	\$ 52.1	\$ 9.8	16%

¹ Figures may not add due to rounding.

Consumption and Base Revenue

In accordance with the PREB's Resolution & Order published on February 27, 2023, the following table outlines the total consumption and base revenues forecasted amounts compared to quarter and year-to-date actuals:

	FY2023 Forecast	Q3 Forecast	Q3 Actuals	YTD Forecast	YTD Actuals	YTD Variance
Total Consumption (GWh)	16,511	3,691	3,422	12,345	11,414	(931)
Base Revenue (\$ millions) ¹	\$ 1,170	\$ 270	\$ 245	\$ 876	\$ 764	\$ (112)

¹ Base Revenue does not include revenue collected for Fuel Adjustment, Purchased Power, CILT, and Subsidies.

T&D OMA Service Account Funding

March 2023 was the fourth consecutive month that PREPA did not fully fund the Service Accounts and failed to meet its obligations in accordance with 7.5(a)(iii), 7.5(b)(iii), 7.5(c)(iii), 7.5(e)(ii) of the T&D OMA. As of March 31, 2023, LUMA had issued four non-compliance notices to PREPA and notified P3A of PREPA's non-compliance with the T&D OMA. Specifically, as it relates to the Outage Event Reserve Account, PREPA has failed to replenish the account as required in section 7.5(d)(ii) of the T&D OMA. LUMA is actively working with P3A towards a solution to PREPA's non-compliance. This funding non-compliance is one example of the numerous ongoing and well-documented non-cooperation issues in contradiction of PREPA's contractual obligations to support LUMA's operations and the PREPA transformation.

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

On June 1, 2021, LUMA assumed operations of Puerto Rico’s electric transmission and distribution system, inheriting a fragile electric system that had suffered from years —if not decades— of mismanagement and neglect under the prior operator. Given the state of the grid, the electric system could not be immediately operated in accordance with Prudent Utility Practice and minimum industry standards. LUMA’s Improvement Programs² were designed to address the significant and substantial gaps identified prior to the 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 budget and is included in the 2022 Fiscal Plan approved by the FOMB in June 2022.

Improvement Portfolio Summary (\$ millions)

Portfolio	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Customer Experience	135.2	32.5	37.9	102.8	77.4	25.4	25%
Distribution	179.0	44.2	76.6	134.9	117.7	17.2	13%
Transmission	126.7	31.0	18.4	95.7	31.6	64.2	67%
Substations	134.7	33.5	12.6	101.2	25.5	75.8	75%
Control Center & Buildings	51.5	13.1	2.5	33.2	4.8	28.4	85%
Enabling	113.0	27.3	42.5	85.6	99.7	(14.1)	(16%)
Support Services	102.2	25.0	24.1	78.4	71.6	6.8	9%
Total	\$ 842.3	\$ 206.8	\$ 214.6	\$ 631.7	\$ 428.2	\$ 203.6	32%

¹ Figures may not add due to rounding.

² 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)

The Customer Experience Improvement Portfolio focuses on enhancing the customer experience, including Distribution Streetlighting, Billing Accuracy and Back Office, and AMI Implementation programs.

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Streetlighting	\$ 105.0	\$ 26.2	\$ 30.5	\$ 78.7	\$ 59.9	\$ 18.9	
Federally Funded	105.0	26.2	30.5	78.7	59.8		
Non-Federally Funded	-	-	-	-	0.0		
OpEx	-	-	-	-	-		
SRP	31.5	7.9	9.2	23.6	18.0		
Billing Accuracy & Back Office	\$ 12.9	\$ 3.2	\$ 4.5	\$ 9.7	\$ 10.7	\$ (1.0)	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	0.7	0.2	1.0	0.5	1.4		
OpEx	12.2	3.0	3.4	9.1	9.2		
SRP	2.0	0.5	0.7	1.5	1.7		
AMI Implementation Program	\$ -	\$ -	\$ 0.1	\$ -	\$ 0.1	\$ (0.1)	
Federally Funded	-	-	0.1	-	0.1		
Non-Federally Funded	-	-	-	-	-		
OpEx	-	-	-	-	-		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	\$ 17.4	\$ 3.1	\$ 2.8	\$ 14.4	\$ 6.8	\$ 7.6	
Federally Funded	2.4	0.6	0.0	1.8	0.2		
Non-Federally Funded	5.9	0.5	2.6	5.5	5.6		
OpEx	9.1	2.0	0.2	7.1	0.9		
SRP	8.8	1.5	0.1	7.2	0.2		
Total	\$ 135.2	\$ 32.5	\$ 37.9	\$ 102.8	\$ 77.4	\$ 25.4	25%

¹ Figures may not add due to rounding.

The **Distribution Streetlighting** program upgrades and replaces distribution streetlights. Key Q3 FY2023 activities included receiving FEMA funding obligation and starting construction for three streetlight projects in the communities of Manatí, Hatillo, and Dorado, assessments were completed in 16 municipalities and work order packages were developed for eight municipalities. Additionally, work zones and priorities were defined for 25 new projects, submitting 15 initial scopes of work (SOW) to FEMA for projects to be established, and six detailed scopes of work (SOW) to FEMA for approval. Total spending in the third quarter was higher than budgeted due to the execution of a recovery plan for work that was not performed during Q1 and Q2. At this time, there is no expected variance in achieving program milestones.

The **Billing Accuracy and Back Office** program includes updates to print and delivery of bills and back-office systems to improve the accuracy and timeliness of customer invoices. Key Q3 FY2023 activities included launching the utility intelligence platform project for billing, payment processing, and revenue protection areas, finalizing the scope with seven initiatives from the meter lifecycle team for the implementation in production in Oracle CC&B under the CC&B optimization project, developing and testing the Power BI reporting functionality on service orders, meter data, and inactive accounts with consumption from the data lake. The quarterly spending for this program is slightly higher than expected in order to enable the launch of the utility intelligence platform and carry out necessary project work for CC&B optimization. At this time, there is no expected variance in achieving program milestones.

The **Advanced Metering Infrastructure (AMI) Implementation** program establishes a two-way communication system to collect detailed metering information throughout a utility's service territory. It represents a foundational technology to enable enhanced resiliency and reliability. This program comprises smart meters, a digital communications network, a head-end system, and a meter data management system. Key Q3 FY2023 activities included developing and submitting the initial SOW to the PREB, representing an estimated amount of \$780M. devices will be replaced and brought up to the standards and functionality of modern metering and communications systems. The total spend for this program was slightly higher than anticipated due to the pursuit of federal funding for the implementation of AMI.

Distribution Improvement Portfolio Summary (\$ millions)

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

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Distribution Pole & Conductor Repair	\$ 65.9	\$ 16.5	\$ 12.7	\$ 49.4	\$ 22.5	\$ 26.9	
Federally Funded	54.0	13.5	7.0	40.5	11.6		
Non-Federally Funded	1.0	0.3	5.6	0.8	10.6		
OpEx	10.9	2.7	0.0	8.2	0.2		
SRP	65.9	16.5	12.7	49.4	22.5		
Distribution Line Rebuild	\$ 56.4	\$ 14.1	\$ 58.8	\$ 42.3	\$ 82.5	\$ (40.2)	
Federally Funded	51.3	12.8	54.3	38.5	70.7		
Non-Federally Funded	5.0	1.3	4.5	3.8	11.0		
OpEx	0.0	-	0.0	0.0	0.8		
SRP	5.0	1.2	2.5	3.8	3.5		
Distribution Automation	\$ 35.6	\$ 8.7	\$ 5.2	\$ 27.0	\$ 11.5	\$ 15.5	
Federally Funded	26.3	6.6	3.9	19.7	8.8		
Non-Federally Funded	8.4	2.1	1.3	6.3	2.7		
OpEx	1.0	-	-	1.0	-		
SRP	-	-	-	-	-		
Distribution Lines Assessment	\$ 21.2	\$ 5.0	\$ (0.0)	\$ 16.2	\$ 1.2	\$ 15.0	
Federally Funded	19.7	4.9	(0.0)	14.8	1.2		
Non-Federally Funded	0.2	0.1	-	0.2	-		
OpEx	1.3	-	-	1.3	-		
SRP	21.2	5.0	(0.0)	16.2	1.2		
Total	\$ 179.0	\$ 44.2	\$ 76.6	\$ 134.9	\$ 117.7	\$ 17.2	13%

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 as well as emergent poles identified and replaced by Operations due to safety concerns. Key Q3 FY2023 activities included submitting 23 initial SOWs to FEMA for projects to be established; compiling 18 work order packages totaling 556 poles, submitting 18 detailed SOWs to FEMA for approval, receiving the approval of 37 projects for repairs in each of the six regions; and executing 34 projects with five of the projects (Arecibo Group 2, Bayamon Group 2, Bayamon Group 4, Caguas Group 7 and Caguas Group 8) completed with a final quality review check remaining. Total spending in the third quarter was lower than budgeted due to permitting delays, which have impacted on the program's ability to ramp up its contracting resources. At this time, there is no expected variance in achieving program milestones.

The **Distribution Line Rebuild** program replaces overhead and underground distribution lines by performing 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 or tree wiring to improve service reliability and resiliency to critical customers. Key Q3 FY2023 activities included completing reliability analysis on 99 feeders, completing the quality assurance review for reliability analysis on 42 feeders, completing area planning analysis on eight geographic areas corresponding to 111 feeders, and issuing purchase orders for A&E resources for four projects containing 21 feeders. In addition, work in response to Hurricane Fiona includes 119 assessments, 66 work order packages, and 1,610 repairs. Total spending in the third quarter was higher than budgeted due to activities associated with Hurricane Fiona response efforts, which was included in the FY 2023 budget. At this time, there is no expected variance in achieving program milestones.

The **Distribution Automation** program focuses on establishing equipment for distribution automation. Key Q3 FY2023 activities included commissioning 27 three-phase reclosers and installing 12 single-phase reclosers, completing work order packages for 138 locations corresponding to 41 feeders, and completing protection settings on 150 reclosers

locations on 51 feeders. Total spending in the third quarter was lower than budgeted due to delays in executing contracts for materials.

The **Distribution Lines Assessments** program is targeted at the assessment, testing, and study of distribution lines, along with required spot repairs and replacements. Key Q3 FY2023 activities were paused to conduct feeder inspections and high-level assessments in the wake of Hurricane Fiona. Normal high-level assessments work for this program will resume in Q4 of FY2023. Total spending in the third quarter was lower than budgeted due to the preliminary engineering data collection project no longer moving forward, and prioritization of Hurricane Fiona damage assessments. At this time, there is no expected variance in achieving program milestones.

Transmission Improvement Portfolio Summary (\$ millions)

The Transmission Improvement 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 programs.

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Transmission Line Rebuild	\$ 85.3	\$ 21.3	\$ 17.8	\$ 64.0	\$ 28.1	\$ 35.9	
Federally Funded	85.3	21.3	17.0	64.0	27.0		
Non-Federally Funded	-	-	0.8	-	1.2		
OpEx	-	-	-	-	(0.0)		
SRP	83.1	20.8	17.0	62.3	26.8		
IT OT Telecom Systems & Network	\$ 32.4	\$ 7.5	\$ 1.2	\$ 25.0	\$ 2.4	\$ 22.6	
Federally Funded	32.0	7.3	1.1	24.7	2.2		
Non-Federally Funded	-	-	-	-	-		
OpEx	0.4	0.2	0.1	0.3	0.2		
SRP	32.4	7.5	1.1	25.0	2.3		
Transmission Priority Pole Replacements	\$ 6.0	\$ 1.5	\$ (0.9)	\$ 4.5	\$ 0.5	\$ 4.0	
Federally Funded	6.0	1.5	(0.9)	4.5	0.5		
Non-Federally Funded	-	-	0.0	-	0.0		
OpEx	-	-	-	-	-		
SRP	6.0	1.5	(0.1)	4.5	0.0		
Programs <5% of Portfolio Total	\$ 3.0	\$ 0.7	\$ 0.3	\$ 2.2	\$ 0.5	\$ 1.8	
Federally Funded	2.9	0.7	0.3	2.2	0.5		
Non-Federally Funded	0.1	0.0	-	0.1	-		
OpEx	-	-	-	-	-		
SRP	3.0	0.7	0.3	2.2	0.5		
Total	\$ 126.7	\$ 31.0	\$ 18.4	\$ 95.7	\$ 31.6	\$ 64.2	67%

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 Q3 FY2023 activities included completing 11 transmission line functional specifications (two for 38kV, two for 115kV, six for 230kV, and one for a new 230kV line); issuing purchase orders for A&E resources for nine projects; and completing task order scope of work on 30 projects. In addition, in response to Hurricane Fiona includes 348 assessments, 17 repairs and five completed work order packages. Total spending in the third quarter was lower than anticipated due to additional time needed on custom structure designs, permitting delays, participation in the U.S. Fish and Wildlife Service review process, and the FEMA environmental and historic preservation approval process taking longer than anticipated. At this time, there is no expected variance in achieving program milestones.

The **IT OT Telecom Systems & Network** program includes IT and OT telecom investments to improve the systems that carry T&D system IT and OT data. Key Q3 FY2023 activities include submitting the initial scope of work to FEMA for projects to be established on four telecom infrastructure projects (Group C, D, E, and F). Total spending also included support for Hurricane Fiona for 51 assessments and two repairs. It was lower than anticipated for the third quarter, mainly due to the complexity of the federal procurement process. Spending also includes 51 assessments and two repairs in response to Hurricane Fiona. At this time, there is no expected variance in achieving program milestones.

The **Transmission Priority Pole Replacements** program includes activities to replace damaged overhead transmission poles and towers, along with associated hardware and conductors. Key Q3 FY2023 activities included receiving FEMA

approval for one project and starting the related construction; completing 46 initial SOWs; continuing the quality control process on Lines 6700, 9800, and 13300, which will be starting construction in the fourth quarter; continuing work on Line 2200 (60% complete); fast tracking Line 36100 for work order package development; and kicking off short bid process to engage architectural and engineering firms for work order package development. Total spending in the third quarter was lower than budgeted due to the lack of engineering resources and environmental delays due to fish and wildlife preservation requirements. At this time, there is no expected variance in achieving program milestones.

Substations Improvement Portfolio Summary (\$ millions)

The Substation Improvement Portfolio aims to improve system resiliency and safety while rebuilding, hardening, and modernizing substations through the Substation Rebuilds, Substation Security, and Substation Reliability programs.

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Substation Rebuilds	\$ 102.2	\$ 25.5	\$ 5.8	\$ 76.6	\$ 14.8	\$ 61.8	
Federally Funded	95.5	23.9	5.5	71.6	14.3		
Non-Federally Funded	6.7	1.7	0.3	5.0	0.5		
OpEx	-	-	-	-	-		
SRP	96.7	24.2	5.5	72.5	13.9		
Substation Security	\$ 17.6	\$ 4.4	\$ 0.3	\$ 13.2	\$ 0.5	\$ 12.7	
Federally Funded	15.1	3.8	0.2	11.3	0.4		
Non-Federally Funded	1.1	0.3	0.0	0.8	0.0		
OpEx	1.4	0.4	0.0	1.1	0.0		
SRP	15.9	4.0	0.3	11.9	0.4		
Substation Reliability	\$ 14.1	\$ 3.5	\$ 5.8	\$ 10.6	\$ 9.6	\$ 1.0	
Federally Funded	-	-	3.2	-	4.5		
Non-Federally Funded	14.1	3.5	2.5	10.6	4.8		
OpEx	-	-	0.1	-	0.3		
SRP	-	-	-	-	-		
Programs <5% of Portfolio Total	\$ 0.8	\$ 0.0	\$ 0.6	\$ 0.8	\$ 0.6	\$ 0.2	
Federally Funded	-	-	-	-	(0.0)		
Non-Federally Funded	0.1	0.0	0.6	0.1	0.6		
OpEx	0.7	-	0.0	0.7	0.0		
SRP	-	-	-	-	-		
Total	\$ 134.7	\$ 33.5	\$ 12.6	\$ 101.2	\$ 25.5	\$ 75.8	75%

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 Q3 FY2023 activities include completing planning analysis for nine rebuild projects; completing functional specification reviews for 22 substation projects; requesting proposals for 20 projects, and issuing purchase orders to A&E resources for five projects. Total spending also includes support for Hurricane Fiona response efforts including for 586 assessments and 114 repairs or replacement. Total spending in the third quarter was lower than budgeted due to the delayed start of preliminary engineering in multiple projects due to the modified SOW award process implemented in Q2 and delays in material and service contract awards. At this time, there is no expected variance in achieving program milestones.

The **Substation Security** program focuses on security at transmission substations. The program will replace and add new security technology and hardware to deter, detect, and delay security incidents. Key Q3 FY2023 activities included responding to FEMA requests for information on the three submitted detailed SOWs; awarding two construction contracts; completing the selection process, and awarding a contract for the assessment, installation, and integration of closed-circuit television and electronic access control equipment procurement. Total spending in the third quarter was lower than budgeted due to delayed engineering activities for FEMA-compliant engineering services and the extended impacts of Hurricane Fiona. At this time, there is no expected variance in achieving program milestones.

The **Substation Reliability** program covers upgrading and reinforcing the existing and aging system infrastructure to improve system reliability. Key Q3 FY2023 activities include completing the requisition of relay outdoor cabinets for the next step of protection automation and control (PAC) upgrades; completing the design for the EI Conquistador substation PAC upgrade and fuse to breaker project; developing and reviewing Aguirre substation PAC design; and starting

engineering for protection upgrade for selected sites. Total spending in the third quarter was higher than budgeted due to Hurricane Fiona, which was not included in the FY 2023 budget.

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

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

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Critical Energy Management System Upgrades	\$ 25.7	\$ 6.2	\$ 0.3	\$ 12.1	\$ 1.3	\$ 10.9	
Federally Funded	25.5	6.1	0.3	12.0	1.0		
Non-Federally Funded	0.2	0.1	0.0	0.2	0.2		
OpEx	-	-	0.0	-	0.0		
SRP	25.6	6.1	0.3	12.1	1.3		
Facilities Development & Implementation	\$ 14.8	\$ 3.7	\$ 1.1	\$ 11.1	\$ 1.8	\$ 9.3	
Federally Funded	10.1	2.5	0.0	7.6	0.2		
Non-Federally Funded	2.3	0.6	0.9	1.7	1.4		
OpEx	2.4	0.6	0.2	1.8	0.2		
SRP	13.1	3.3	1.0	9.8	1.6		
Control Center Construction & Refurbishment	\$ 9.4	\$ 2.9	\$ 0.8	\$ 8.8	\$ 1.3	\$ 7.5	
Federally Funded	9.3	2.9	0.8	8.7	1.3		
Non-Federally Funded	0.1	0.0	-	0.1	-		
OpEx	-	-	-	-	-		
SRP	6.2	1.9	0.5	5.7	0.8		
Programs <5% of Portfolio Total	\$ 1.5	\$ 0.3	\$ 0.2	\$ 1.2	\$ 0.6	\$ 0.7	
Federally Funded	0.1	0.0	-	0.1	(0.0)		
Non-Federally Funded	1.0	0.2	0.1	0.8	0.1		
OpEx	0.4	0.1	0.1	0.3	0.5		
SRP	0.1	0.0	0.0	0.1	0.1		
Total	\$ 51.5	\$ 13.1	\$ 2.5	\$ 33.2	\$ 4.8	\$ 28.4	86%

¹ Figures may not add due to rounding.

The **Critical Energy Management System (EMS) Upgrades** program will replace obsolete and unsupported EMS and add relevant technology to operate the electric system safely and reliably. Key Q3 FY2023 activities included ongoing contract negotiation and targeting contract execution in FY23 Q4 (May 2023). The spend is lower than anticipated due to delays in contract development. The vendor has received the contract and is in the process of finalizing the terms. At this time, there is no expected variance in achieving program milestones.

The **Facilities Development & Implementation** program is focused on the construction required to remediate facilities and real property. Key Q3 FY2023 activities included completing Task Order SOW and class 3 estimates for the reconfiguration in support of the control center building projects, including Carolina regional customer experience office and primary contact center, Guaynabo Electrical Service Center renovation project to support the EMS and Mayagüez Regional site rebuild; completing SOW for the new Emergency Operation Center (EOC); completing statements of work for a new hangar and executing a contract for facilities maintenance, asset management, and space computerized system. The spending for this program was lower than anticipated, primarily due to the complexity of federal procurement requirements and processes. At this time, there is no expected variance in achieving program milestones.

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 Q3 FY2023 activities included completing the schematic design for the primary control center; developing the draft detailed scope of work and review with FEMA; preparing the documents required for the construction consultation with the Permit Management Office (OGPe); and preparing the site surveys for two parcels under consideration for acquisition to construct the secondary control center. The spending was lower than anticipated due to the budget being set based on the A&E team being under contract. The contract delay impact was not updated in the budget prior to the start of the fiscal year. At this time, there is no expected variance in achieving program milestones.

Enabling Improvement Portfolio Summary (\$ millions)

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

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Vegetation Management²	\$ 50.0	\$ 12.5	\$ 22.0	\$ 37.5	\$ 47.0	\$ (9.5)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	-	-	-	-	-	-	
OpEx	50.0	12.5	22.0	37.5	47.0		
SRP	50.0	12.5	22.0	37.5	47.0		
Compliance, Studies, Technology and Performance	\$ 18.3	\$ 4.6	\$ 4.6	\$ 13.7	\$ 17.7	\$ (4.0)	
Federally Funded	16.3	4.1	4.7	12.2	16.3		
Non-Federally Funded	2.0	0.5	0.5	1.5	1.3		
OpEx	-	-	(0.6)	-	0.1		
SRP	15.3	3.8	3.8	11.5	14.8		
HSEQ and Technical Training	\$ 15.0	\$ 3.8	\$ 3.1	\$ 11.3	\$ 8.7	\$ 2.6	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	-	-	-	-	-	-	
OpEx	15.0	3.8	3.1	11.3	8.7		
SRP	15.0	3.8	3.1	11.3	8.7		
T&D Fleet	\$ 12.2	\$ 2.7	\$ 7.2	\$ 9.5	\$ 16.1	\$ (6.6)	
Federally Funded	1.6	-	0.0	1.6	0.0		
Non-Federally Funded	8.2	2.0	0.0	6.1	0.0		
OpEx	2.4	0.6	7.2	1.8	16.1		
SRP	12.2	2.7	7.2	9.5	16.1		
Tools Repair & Management	\$ 6.0	\$ 1.5	\$ 3.5	\$ 4.5	\$ 5.2	\$ (0.7)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	6.0	1.5	3.5	4.5	5.2		
OpEx	-	-	-	-	-	-	
SRP	6.0	1.5	3.5	4.5	5.2		
Programs <5% of Portfolio Total	\$ 11.6	\$ 2.4	\$ 2.2	\$ 9.1	\$ 5.0	\$ 4.1	
Federally Funded	2.3	0.1	1.4	2.2	2.7		
Non-Federally Funded	5.4	1.2	0.7	4.2	2.0		
OpEx	3.9	1.1	0.1	2.6	0.4		
SRP	4.8	1.2	0.4	3.6	1.0		
Total	\$ 113.0	\$ 27.3	\$ 42.5	\$ 85.6	\$ 99.7	\$ (14.1)	(16%)

¹ Figures may not add due to rounding.

² The actuals associated with the federally funded capital vegetation line clearance are included as part of the line rebuild improvement programs.

The **Vegetation Management** program includes work to abate or mitigate immediate hazards caused by vegetation in critical locations, along with an ongoing program to clear and re-establish the rights of way to standard widths. Key Q3 FY2023 activities included completing the reclamation of 612 miles (263 miles of distribution reclamation and 349 miles of transmission reclamation) of electric lines during the quarter using non-federal funding, completing the reclamation of 146 miles (71 miles of distribution reclamation and 75 miles of transmission reclamation) of electric lines during the quarter using federal funding, and completing a fourth round of preventive maintenance at 90 substations. The variance in the Operations budget is mainly due to clearing work in preparation for the upcoming storm season, which includes 130 miles of 230 kV transmission lines. This work was critical because vegetation has impacted the 230 kV system in the past and has resulted in island-wide blackouts. At this time, there is no expected variance in achieving program milestones.

Voltage	Miles			Acres ¹		
	Federally Funded	OpEx	Total Miles	Federally Funded	OpEx	Total Acres
Distribution	71	263	334	103	384	487
38 kV	-	133	133	-	403	403
115 kV	20	86	106	240	1,057	1,297
230 kV	55	130	185	668	1,578	2,246
Total	146	612	758	1,011	3,422	4,433

¹To calculate acres from miles, the miles are converted to feet by multiplying by 5,280. Then the width of the right of way is assumed for each voltage level (distribution = 12', 38 kV = 25', and 115 & 230 kV = 100'). The miles (in feet) are multiplied by the ROW width (in feet) to determine the square feet completed. Finally, the square feet are converted to acres by dividing by 43,560 sq feet per acre.

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 Q3 FY2023 activities included completing the 230kV wide area protection coordination settings; completing 10 area plan studies of 177 distribution feeders; completing ground grid scans on six substations; continuing to study for pilot grounding anti-theft program; and completing the Hato Rey pre-mitigation study. Total spending in the third quarter was in line with the budget. At this time, there is no expected variance in achieving program milestones.

The **HSEQ and Technical Training** program provides HSEQ and technical training to field personnel. Key Q3 FY2023 activities included completing over 2,900 direct training hours with employees participating in the Utility Lineworker Apprenticeship and Upskilling Program and over 800-course completions from employees in various HSEQ training, including electrical safety, equipotential bonding, and grounding, confined space entry, and OSHA standards. The spending was lower than anticipated due to lower amounts of training completed in October and November 2022 because of Hurricane Fiona's response prioritization. At this time, there is no expected variance in achieving program milestones.

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 Q3 FY2023 activities included completing 526 Department of Transportation inspections and 220 American National Standards Institute vehicle compliance inspections; providing 420 hours for OSHA Certification to 13 employees (including DOT coordinators, supervisors, and managers); and providing 216 hours of training on hydraulic and pneumatics systems through Automeca Technical College to 9 mechanics. The variance reflects an increase in major repairs of specialized units with many years of service, where 1,277 units are more than 10 years old, representing 59% of the fleet. At this time, there is no expected variance in achieving program milestones.

The **Tools Repair & Management** program focuses on a personal protective equipment and tooling plan to address safety needs while putting a better system in place for managing personal protective equipment and tools, including a centralized tool and equipment crib system. Key Q3 FY2023 activities include continuing the procurement for tool crib service contract and critical tool inventory for substations (testing equipment, tools); continuing capital replacement of damaged/broken/failed dielectric equipment; initiating tender for multi-year purchase agreement, tools & equipment; training of field personnel on correct usage and maintenance of tools and standardization of tool "sets" per crew/equipment type/work type. The overspend in Q3 reflects the cost for the majority of tool purchases for the latter half of the fiscal year. At this time, there is no expected variance in achieving program milestones.

Support Services Improvement Portfolio Summary (\$ millions)

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

Program	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
HR Programs	\$ 62.8	\$ 15.7	\$ 20.1	\$ 47.1	\$ 61.7	\$ (14.6)	
Federally Funded	-	-	-	-	-	-	
Non-Federally Funded	0.4	0.1	0.1	0.3	0.1		
OpEx	62.5	15.6	20.0	46.8	61.5		
SRP	-	-	-	-	-		
Renewables Integration, Minigrids & Generation Studies	\$ 7.6	\$ 1.8	\$ 0.6	\$ 5.7	\$ 1.9	\$ 3.9	
Federally Funded	-	-	-	-	-		
Non-Federally Funded	2.6	0.6	-	2.0	0.0		
OpEx	4.9	1.2	0.6	3.7	1.9		
SRP	-	-	-	-	-		
IT OT Asset Management	\$ 7.0	\$ 2.6	\$ 0.4	\$ 5.7	\$ 0.8	\$ 4.9	
Federally Funded	5.9	2.2	0.6	4.9	0.7		
Non-Federally Funded	0.3	0.1	0.0	0.3	0.1		
OpEx	0.8	0.3	(0.2)	0.5	0.1		
SRP	7.0	2.6	0.4	5.7	0.8		
Update to Third Party Use, Audit, Contract and Billing Procedures	\$ 5.8	\$ 1.4	\$ 1.6	\$ 4.3	\$ 2.5	\$ 1.9	
Federally Funded	2.9	0.7	-	2.2	-		
Non-Federally Funded	-	-	-	-	-		
OpEx	2.8	0.7	1.6	2.1	2.5		
SRP	2.8	0.7	0.8	2.1	1.2		
Programs <5% of Portfolio Total	\$ 19.0	\$ 3.5	\$ 1.3	\$ 15.5	\$ 4.8	\$ 10.7	
Federally Funded	-	-	0.0	-	(0.2)		
Non-Federally Funded	6.3	1.1	0.7	5.3	3.0		
OpEx	12.7	2.3	0.7	10.2	2.0		
SRP	16.6	2.8	1.1	13.6	4.3		
Total	\$ 102.2	\$ 25.0	\$ 24.1	\$ 78.4	\$ 71.6	\$ 6.8	9%

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 Q3 FY2023 activities include providing training on required HR compliance topics (sexual harassment; domestic violence; workplace harassment); establishing, monitoring, and managing the 2023 LUMA Compliance Training Program; and enhancing acquired modules of the human capital management system. The spending in this program was higher than anticipated, primarily due to higher than-budgeted employee benefit costs for the year.

The **Renewables Integration Studies & Implementation** program involves completing planning, technical studies, program development, and pilot implementation related to support compliance with the integrated resource plan (IRP) and regulatory requirements related to renewable integration, distributed energy resources, and generation. Key Q3 FY2023 activities include continued internal and external outreach in preparation for the Filing of Puerto Rico's Electric Vehicle Adoption Plan; filing of the EE rider; engaging with the PREB and stakeholders regarding the EE rider petition; filing of amended timeline for the IRP schedule and informing PREB of status to contract selected contractor for IRP technical consultant; advancing the energy efficiency/demand response implementation contractor procurement process; advancing program design and launch preparation activities for the Emergency DR Program; and making progress to connect more than 54k interconnected to the network, which represents a capacity around 333MW. The variance for this program is due to activities associated with this program have been slower than anticipated due to the complexity of the procurement process.

The **IT OT Asset Management** program introduced industry-standard IT OT asset management procedures and continues to provide the necessary system upgrades to ensure secure business operation and continuity, as well as improved customer responsiveness. The program's scope 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 establishing a new backup data center to ensure the reliability and resilience of technology systems. Key Q3 FY2023 activities include upgrading Outage Management System (OMS) Oracle database

in preparation for the OMS application upgrade; optimizing OMS environments to add more clients and implementing an OMS Test environment. Total spending in the third quarter for this program was lower than anticipated, primarily due to delays in vendor onboarding and contract renewals.

The **Update to Third Party Use, Audit, Contract and Billing Procedures** program is focused on updating procedures for third party use of land, infrastructure, audits, contracts, and billing. Key Q3 FY2023 activities include processing third-party attachment evaluations to ensure pole loading and electrical clearances are maintained; processing a total of 1,468 TPA requests for a total of 38,691 attachments; processing a total of 272 third-party attachments (TPA) requests for a total of 10,016 attachments; meeting with telecommunication companies to discuss updated third-party use agreements and LUMA's capital projects; sending out pole replacement notifications to the telecommunications companies to coordinate third party asset relocations on poles being replaced; developing enhancements to the communication process to ensure third-party attachment does not impact the execution of LUMA capital work; implementing services to improve the third-party use application and processing interface; and developing and implementing an internal mechanism to collect a third-party attachment application fee. Total spending in the third quarter was higher than budgeted due to the higher cost being incurred for engineering third-party attachment evaluations. At this time, there is no expected variance in achieving program milestones.

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 Shared Services

LUMA is responsible for delivering Shared Services to perform certain administrative, managerial and operational services as required for the operation and management of the Legacy Generation Assets. These responsibilities were contemplated as outlined in Annex VI of the T&D OMA and are governed by the Shared Services Agreement (SSA) between PREPA, P3A and LUMA effective June 1, 2021. The purpose of these shared services is to provide services while PREPA reorganizes and PREPA's activities transition to independent operation. During this period under the SSA, also known as the Shared Services Period, LUMA provides PREPA with services that generally fall into three (3) areas:

- T&D Operations – This is limited to technical O&M support for certain electrical equipment under the responsibility of PREPA at generation plant locations that were historically supported by Substation and Lines teams.
- Information Technology – This support provides access and services to PREPA on IT OT infrastructure managed by LUMA.
- Finance and Accounting – This includes general accounts payable, accounting and treasury activities provided by LUMA for PREPA and the placement of insurance policies covering all of PREPA's assets and activities (T&D and generation).

The costs for the Shared Services activities are considered part of Generation Pass-Through Expenditures incurred by PREPA in accordance with the T&D OMA.

Shared Services Summary (\$ millions)

	FY2023 Budget ¹	Q3 Budget ¹	Q3 Actuals ¹	YTD Budget ¹	YTD Actuals ¹	YTD Variance (\$)	YTD Variance (%)
Labor	4.7	1.2	0.9	3.5	2.4	1.1	
Property & Casualty Insurance	44.1	11.0	13.0	33.1	39.2	(6.1)	
IT Service Agreements	7.6	1.9	1.4	5.7	3.2	2.5	
Professional & Technical Outsourced Services	1.5	0.3	(0.2)	1.1	2.9	(1.8)	
Other	0.7	0.3	0.1	0.5	0.6	(0.1)	
Subtotal	\$ 58.6	\$ 14.7	\$ 15.2	\$ 43.9	\$ 48.3	\$ (4.4)	-10%
2% Reserve for Excess Expenditures	1.2	0.3		0.9		0.9	
Shared Services Total	\$ 59.8	\$ 15.0	\$ 15.2	\$ 44.8	\$ 48.3	\$ (3.5)	-8%

¹ Figures may not add due to rounding.

The primary driver for the \$3.5 million unfavorable year-to-date variance is because property and casualty insurance expenses were higher than budgeted, mainly due to higher-than-expected premiums for the generation fleet as a portion of the total insurance program.

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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