

Monthly Operations Report on the T&D System

For the Month of January 2026

February 13, 2026



Contents

- 1.0 Mission, Goals and Areas of Responsibility 1**
- 2.0 LUMA Accomplishments 1**
- 3.0 Monthly Sales Summary 4**
- 4.0 System Operations Update..... 5**
- 5.0 Puerto Rico Energy Bureau Filings and Hearings 7**
- 6.0 Legislative Matters & Material Legal Update..... 8**
- 7.0 Ongoing External Audits..... 16**
- 8.0 Material T&D OMA Items 18**

1.0 Mission, Goals and Areas of Responsibility

LUMA assumed operations of Puerto Rico's Transmission and Distribution System ("T&D System") on

June 1, 2021, with the mission to recover and transform the energy grid and deliver customer-centric, reliable, resilient, safe, and sustainable electricity at reasonable prices for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"). This report outlines LUMA's key activities for the month of January 2026.

URGENT CASH MATTERS

January 2026 is the thirty-eight (38th) consecutive months in which PREPA did not fully fund one or more of the Service Accounts and failed to comply with its contractual obligations, in breach of the T&D OMA. January 2026 is also the twenty-fifth (25th) consecutive month in which PREPA did not provide any funding for the Outage Event Reserve Account. January 2026 is also the seventeenth (17th) consecutive month in which PREPA did not provide the required funding to replenish the Contingency Reserve Account. Funding the Service Accounts, including the Outage Event Reserve Account and the Contingency Reserve Account, is an obligation of the Owner, pursuant to Section 7.5 of the T&D OMA. To date, PREPA has failed to identify a funding source to meet its obligations under the T&D OMA.

2.0 LUMA Accomplishments

January Achievements

LUMA Connected a New Large-Scale Solar plant in Salinas, Marking the Start of a Strategic Collaboration with the Private Sector to Transform Puerto Rico's Energy

- We initiated the interconnection of more than 90 megawatts (MW) from the Ciro 1 solar project in Salinas, developed by Ciro Energy Group, adding significant renewable energy capacity to Puerto Rico's electric grid.
- This project supplied energy equivalent to the consumption of over 75,000 customers, strengthening service reliability and advancing the Island's energy transition.
- The Ciro 1 project included 260,000 solar panels, battery storage systems, and cutting-edge technology designed to withstand winds up to 175 mph, ensuring resilience against severe weather.
- We worked with Ciro Energy Group to build a new substation that incorporated digital technology, enabling faster outage response, improved system stability, and enhanced reliability for customers.
- This milestone marked the beginning of a broader collaboration with local and international companies to expand renewable generation, with our role as integrator ensuring a safe and reliable energy transition.
- In future phases, we planned to add an additional 330 MW of renewable energy through projects developed by Clean Flexible Energy and Ciro Energy Group, completing a planned total of 420 MW.

- “This was just the beginning of a new stage for our electric grid: smarter, more resilient, and ready for the future,” said Pedro Meléndez, our Chief Officer of Capital Programs and Grid Transformation. [\(link\)](#)

LUMA Completed Upgrades to Cambalache Substation in Arecibo to Strengthen Power System Reliability

- We successfully completed scheduled maintenance at the Cambalache T.C. substation in Arecibo, reinforcing infrastructure as part of our strategic plan to optimize the electric system in the northern region.
- These improvements will deliver more reliable and resilient service for over 6,000 customers, reducing outage risks and extending equipment life.
- As part of the upgrades, we replaced essential equipment, installed animal protectors to prevent accidental contact with wildlife, and incorporated potential transformers (PTs) for critical measurement and protection functions.
- These actions strengthen the system’s ability to meet the area’s energy needs and guarantee continuity of service.
- “This maintenance is an important step to ensure continuity of service and infrastructure security. Thanks to the coordinated effort of our teams, we were able to complete the work as planned, ensuring tangible benefits for our customers,” said Juan Nieves Bonilla, our Regional Manager of Substations.
- Interagency collaboration and strict compliance with safety protocols were key to completing this work successfully, reinforcing our commitment to improving the electricity grid for the benefit of the community. [\(link\)](#)

LUMA Proactively Activated Its Annual Preventive Plan in Old San Juan to support the San Sebastián Street Festival

We activated our **annual preparedness plan** in Old San Juan to strengthen the electrical system and ensure a safe, reliable response during the **San Sebastián Street Festival**, which took place from **January 15 to 18, 2026**.

- This plan was part of a **collaborative effort** with municipal resources and other agencies to support the safe and orderly development of the event.

Throughout the year, we carried out **proactive work and planned improvements** to reinforce system stability and redundancy in Old San Juan, including:

- Repairs to the **underground transmission line** serving local substations.
- **Feeder repairs near Tapia Theater** to strengthen service in high-demand areas.
- Interventions in nearby substations to guarantee redundancy and operational safety.
- Pole replacements and inspections of essential components.

We also held **logistics and coordination meetings** with municipal entities to address specific needs for the festivities.

“The electrical system in Old San Juan is complex due to its age and historical value, which required careful planning given the fragility of the system. Our team worked hard to ensure that everything was

ready for these holidays, which are an essential part of our culture,” said **Alejandro González**, our Vice President of Distribution Operations.

As part of our **response plan**, we had:

- Substation and underground operations teams assigned to the event area.
- Brigades strategically located at key points in Old San Juan for rapid response.
- Support teams from **Bayamón and Toa Baja** activated to cover critical areas.

Coordination with local authorities, including the **Municipality of San Juan** and the **Police Bureau**, to ensure an agile response. [\(link\)](#)

LUMA Strengthened the Electrical System in Naranjito, Benefiting Over 10,400 Customers

- We mobilized **transmission, distribution, substation, and vegetation crews** on **January 15** in a coordinated effort to improve the electrical system in Naranjito and surrounding areas, benefiting **more than 10,400 customers**, including schools and critical loads in **Naranjito, Barranquitas, and Corozal**.
- At substations in the town center, we installed **wildlife protection equipment (“animal guards”)** to prevent outages caused by animal contact.
- We replaced **12 lightning arresters** to improve protection against voltage spikes and reduce the risk of failures, and we installed new **distribution disconnect switches** to enhance reliability.
- Using **thermographic cameras**, we identified and corrected critical points on the lines where overheating could have caused service interruptions.
- We also replaced equipment on **transmission lines connected to the Comerío Transmission Center**, addressing components that had not been replaced in over **10 years**, improving redundancy and operational safety.
- Preventive patrols included **aerial inspections by helicopter**, which identified seven areas requiring vegetation clearing, completed in compliance with industry standards.
- “We’re talking about replacing equipment that had exceeded its useful life or even lacked necessary connections for proper operation. With this effort, we improved the electrical system, increased redundancy, and reduced interruptions in the area. All of this was achieved in coordination with municipal entities for the benefit of our customers,” said **Reinaldo Aponte**, our Eastern Region Substation Supervisor. [\(link\)](#)

LUMA’s Metrics Report Confirms the Impact of Limited Liquidity on Electric Service Reliability

- We filed our **quarterly metrics report** with the **Puerto Rico Energy Bureau (PREB)** on **January 28, 2026**, confirming that the lack of access to sufficient funds for reserves and healthy cash flow continues to negatively impact electric service reliability.
- Financial limitations have reduced our ability to perform **planned maintenance and preventive work**, which is essential to address equipment deterioration and reduce outages.
- As a result, we had to redirect significant operational efforts to address failures caused by outdated infrastructure, impacting system stability and customer service.
- This was reflected in a **16.2% increase in SAIDI** (System Average Interruption Duration Index) and a **3.3% increase in SAIFI** (System Average Interruption Frequency Index) during the second quarter of the current fiscal year.

Despite these challenges, we continued to advance **critical projects** to strengthen system stability, including:

- Maintenance on an essential transformer at the **Manatí substation**, benefiting **over 100,000 customers**.
- Installation of a new transformer at **Sabana Llana substation**, improving reliability for **over 700,000 customers**.
- Reconstruction and energization of **three transmission lines** out of service since Hurricane Maria, adding redundancy for **over 60,000 customers**.
- Replacement of **8,600 distribution poles** and components of **872 transmission structures** as part of ongoing stabilization efforts.
- “These numbers represent the real experiences of thousands of customers across the island. During the first half of the fiscal year, we prioritized critical work to protect system stability and reduce major risks, while continuing to advocate for the resources needed to deliver the reliable service Puerto Rico deserves,” said **Alejandro Figueroa**, our Chief Regulatory Officer.
- We remain concerned about the **\$400 million shortfall in the emergency reserve account**, which continues to grow and threatens future reliability.
- Our Vice President of Federal Funds, **Engineer Doriel Pagán**, emphasized that failing to invest adequately now could lead to **significantly higher costs in the future** due to accelerated infrastructure deterioration.
- Even under financial constraints, access to federal funds allowed us to advance the approval of **45 projects in the past six months**, with **233 obligated projects** and **204 under construction**, including critical transmission initiatives to strengthen system stability.
- Timely and predictable funding from all sources remains essential to sustain operational planning and prevent conditions from escalating into larger outages for communities. ([link](#))

3.0 Monthly Sales Summary

Consumption in January 2026 decreased by 9.3% compared to the previous month (December 2025) driven by cooler temperatures and increased by 1.6% compared to the same month of the previous year (January 2025). In January 2026, revenues were 15.5% lower than in December 2025 and 14.5% compared to the same month of the previous year (January 2025).

Table 2–1. Energy billed by customer segment

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2026 January	488.6	563.3	97.8	25.9	1.8	3.1	1,180.5
2025 December	522.1	627.3	121.0	25.9	1.8	3.0	1,301.2
2025 January	478.7	556.9	95.7	25.7	1.7	2.9	1,161.7

Table 2–2. Energy sales by customer segment

Sales (\$ Million)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2026 January	109.5	147.6	24.9	10.2	0.5	0.8	293.4
2025 December	126.8	175.8	33.1	10.5	0.5	0.8	347.4
2025 January	132.1	169.7	28.9	11.0	0.5	0.8	343.0

Table 2–3. Energy sales by rate component

Energy Sales (\$ Million)	Base	FCA ¹	PPCA ²	CILT & Subsidies & EE ³	Total ⁴
2026 January	81.5	97.0	57.6	57.3	293.4
2025 December	90.3	137.1	54.2	65.7	347.4
2025 January	84.3	186.8	49.8	22.1	343.0

4.0 System Operations Update

Reported Events

- In January 2026, a total of seven (7) base load generation forced outages occurred. Two (2) load sheds were due to generation shortfall.
- During the month of January 2026, the LEOC was not activated.

Table 3–1: Significant Generation Outages by Site for January 2026

Site Name	Derated ⁵	Forced Outage ⁶	Loadshed ⁷	Planned / Maintenance Outages ⁸
San Juan 5	0	3	1	0
San Juan 6	0	0	0	1
San Juan 9	4	1	0	3
Palo Seco 3	1	0	0	1
Palo Seco 4	1	0	0	0
Costa Sur 5	1	1	0	0
Costa Sur 6	0	0	0	0
Aguirre 2	8	1	1	0
AES 1	6	0	0	0
AES 2	4	1	0	0
EcoEléctrica	0	0	0	0

¹ FCA: Fuel Charge Adjustment

² PPCA: Purchased Power Charge Adjustment

³ CILT: Contribution In Lieu of Taxes, Subsidies, PREPA pension fund rider, Provisional rate 2026 and EE: Energy Efficiency

⁴ The Total amount may not equal the sum of numbers for each category due to rounding.

⁵ Derated: A reduction in power generation capacity, typically due to technical limitation.

⁶ Force Outage: Unplanned shutdown of a power station, generation unit, transmission or distribution lines due to unexpected breakdown or failure.

⁷ Loadshed: A protective Electric System mechanism to curtail demand for electric power, typically due to power supply shortfalls or disturbances.

⁸ Maintenance Outages: A generating unit shutdown for planned maintenance service.

Site Name	Derated ⁵	Forced Outage ⁶	Loadshed ⁷	Planned / Maintenance Outages ⁸
Total	25	7	2	5

Table 3–2: Total Significant Generation Outages by Month

Outage Type:	Derated	Forced Outage	Loadshed	Loadshed due to Generation Shortfall ⁹	Planned / Maintenance Outages
2026 January	25	7	2	0	5
2025 December	18	9	5	0	4
2025 January	49	21	9	2	0

Table 3–3: Significant Transmission Outages by Line / Transformer for January 2026

Site Name	Line Trips ¹⁰	Transformer Trips ¹¹	Substation Trips ¹²
Acacias Substation #6802	0	0	1
Acacias TC 115 kV Bus	0	0	1
Barceloneta TC Bank 1 115/38 kV	0	1	0
Berwind 38 kV Bus	0	0	1
Berwind Bank 115/38/13 kV	0	1	0
Berwind Substation #1336	0	0	1
Canovanas TC 38 kV Bus #2	0	0	1
Cayey TC 38 kV Bus	0	0	1
Cayey TC Bank #2 115/38 kV	0	1	0
Comsat Substation 3402	0	0	1
Jobos TC 38 kV Bus #1	0	0	1
Line - 36100 Bayamon TC – Cana	2	0	0
Line - 36100 Dos Bocas HP – BO Piñas GIS	1	0	0
Line - 36400 Ponce TC – Dos Bocas HP	2	0	0
Line - 36400 Ponce TC – Jayuya TO	1	0	0
Line - 36800 Sabana Llana TC – Canovanas TC	1	0	0
Line - 37100 San German TC - Guánica TC	1	0	0
Line - 37400 Cambalache TC – Barceloneta TC	1	0	0
Line - 37500 Monacillos TC - Rio Bayamon	1	0	0
Line - 37800 Buen Pastor – Caguas TC	1	0	0

⁹ Loadshed due to Generation Shortfall: Occurs when the demand for electricity becomes higher than the available supply.

¹⁰ Line Trips: A protective disconnection of a transmission or distribution line due to a fault or abnormal condition.

¹¹ Transformer Trips: The automatic shutdown of a transformer triggered by protective relays due to faults such as overloads or internal issues.

¹² Substation Trips: The protective disconnection of electrical equipment within a substation, often caused by faults or abnormal operating conditions.

Site Name	Line Trips ¹⁰	Transformer Trips ¹¹	Substation Trips ¹²
Line - 37800 Monacillos TC – Buen Pastor	1	0	0
Line - 41400 Humacao TC – Juncos TC	3	0	0
Mora 7505 XMR	0	1	0
Mora Substation #7505	0	0	1
Yabucoa TC Bank #2 230/115 kV	0	1	0
Total	15	5	9

Table 3–4: Total Significant Transmission Outages by Month

Outage Type:	Line Trips	Transformer Trips	Substation Trips
2026 January	15	5	9
2025 December	20	2	4
2025 January	17	0	10

5.0 Puerto Rico Energy Bureau Filings and Hearings

LUMA participated in and supported discussions with the Puerto Rico Energy Bureau (“Energy Bureau”) across a broad range of topics during the month.

- [NEPR-MI-2021-0002](#) | **Federal Funding** – On January 14, LUMA submitted one FEMA Project Obligation for the Distribution Feeder Rebuild program. On January 16, LUMA submitted two area plans for permanent work in the Mayaguez region following Hurricane Fiona, as part of FEMA’s Public Assistance Program. On January 21, LUMA submitted one FEMA Project Obligation for the Priority Pole Replacement Program.
- [NEPR-AP-2023-0003](#) | **Rate Review** – On January 23, 2026, LUMA filed the first set of Legal Briefs, specifically on Revenue Requirement.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – No filings occurred in the month of January 2026.
- [NEPR-AP-2023-0004](#) | **Integrated Resource Plan (“IRP”)** – On January 15, 2026, LUMA filed a motion to submit the hourly data required in first set of 2025 IRP Post-Filing Requests for Information, issued by the Energy Bureau on December 3, 2025.
- [NEPR-MI-2019-0007](#) | **Legacy Performance Metrics** – On January 27, 2025, LUMA complied with the Energy Bureau’s December 19, 2025, Resolution and Order by submitting the supporting workpapers as part of the Quarterly Report on System Data for October through December 2025 filing.
- [NEPR-MI-2019-0016](#) | **DG Interconnection Progress Report** – On January 27, 2026, LUMA submitted a motion to request the Energy Bureau to grant leave to utilize the proposed updated template for the quarterly Distributed Generation Interconnections Progress Report as the

standard presentation format and reschedules the February 23, 2026's compliance hearing to a date during the week of March 9 to 13, 2026.

Other Filings made during January 2026:

- [NEPR-MI-2019-0007](#) | **Legacy Performance Metrics** – Quarterly Report on System Data for October through December 2025 (January 27, 2026).
- [NEPR-MI-2021-0002](#) | **Federal Funding** – Monthly Progress Report for 4x 25 MW Battery Energy Storage System (“BESS”) Project (January 27, 2026).
- [NEPR-MI-2024-0005](#) | **Priority Stabilization Plan** – Monthly Report on the Progress of the Electric System Stabilization Plan - LUMA submitted to the Energy Bureau the January 2026 Monthly Collaborative Report on the Progress of the Electric System Priority Stabilization Plan, in compliance with the Resolution and Order of March 28, 2025, and July 16, 2025 (January 27, 2026).
- [NEPR-MI-2024-0002](#) | **Accelerated Storage Addition Program (“ASAP”)** – Quarterly Report on the implementation of ASAP for the second quarter (Q2) of Fiscal Year 2026, in compliance with Resolution and Order issued on March 5, 2025 (January 30, 2026).

6.0 Legislative Matters & Material Legal Update

Monitoring legislative activity, responding to requests for comments, and preparing LUMA employees for public hearings is an important and significant responsibility, requiring multiple interactions with members and staff of the Puerto Rico Senate and House of Representatives.

During the month of January, LUMA submitted comments on six (6) legislative measures and participated in one (1) public hearing. Additionally, LUMA received eleven (11) new RFIs.

Table 5–1: Summary of Relevant Legislation and Requests for Comments or Information in the Puerto Rico Senate, House of Representatives or Governor’s Office of Legislative Affairs

Committee	Act, Bill or Resolution	LUMA Response
House of Representatives of Puerto Rico - Natural Resources Committee	Request for Input regarding House Bill 973 (P.C. 973) to establish the "Law to Uniform the Planting and Reforestation of Trees in the Easements and in the Areas Adjacent to them, and to the infrastructure of the Government of Puerto Rico".	On January 12, 2026, LUMA requested additional time to respond to the RFI. On January 30, 2026, LUMA submitted its comments to the Committee.

Committee	Act, Bill or Resolution	LUMA Response
House of Representatives of Puerto Rico - Natural Resources Committee	Request for Input regarding House Resolution 294 (R.C. 294) to conduct an investigation into the compliance and effectiveness of Joint Resolution 195 of August 1, 2012, which provided for the creation of the "Consortium for the Protection of Puerto Mosquito Bay of Vieques".	On January 12, 2026, LUMA received a Request for Input regarding House Resolution 294.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Resolution 183 (R.S. 183) to conduct an investigation into the recurrent interruptions in the electricity service in the Santa Rita neighborhood of the Municipality of Gurabo, allegedly caused by the lack of vegetation removal; to evaluate the existence and effectiveness of LUMA Energy's decommissioning plan; examine the history of power outages in that sector and determine their relationship to the lack of maintenance of the lines	On January 12, 2026, LUMA received a Request for Input regarding Senate Resolution 183. On January 27, 2026, LUMA submitted its comments to the Committee.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Resolution 331 (R.S. 331) to conduct an investigation into the granting and distribution of credits accumulated and not used by customers of the Net Metering Program, that such investigation includes, but is not limited to, the disbursement of such funds to the Puerto Rico Department of Education and the internal	On January 12, 2026, LUMA received a Request for Input regarding Senate Resolution 331. On January 27, 2026, LUMA submitted its comments to the Committee.

Committee	Act, Bill or Resolution	LUMA Response
	processes in the LUMA Energy consortium in the management of these surplus credits per kilowatt-hours accumulated by a customer.	
House of Representatives of Puerto Rico - Government Committee	Request for Input regarding House Bill 1004 (P.C. 1004) to amend Section 6 of Act No. 83 of May 2, 1941, as amended, known as the "Puerto Rico Electric Power Authority Act," to add a new subsection (q) to provide that every company that administers Puerto Rico's electric system must establish and maintain a complaint processing system that prevents the unjustified closure of claims without effective resolution; provide for consumer notification.	On January 14, 2026, LUMA received a Request for Input regarding House Bill 1004. On January 23, 2025, LUMA requested additional time to respond to the RFI. On January 30, 2025, LUMA sent a second request for additional time to respond to the RFI.
House of Representatives of Puerto Rico - Metro Region Committee	Public Hearing summoning regarding House Resolution 404 (R.C. 404) to conduct an exhaustive investigation into the reduction of LUMA Energy, LLC personnel in the municipalities that make up the Metro Region and the direct impact that this reduction has had on the delay in the restoration of electric service, affecting the well-being and safety of citizens.	On January 19, 2026, LUMA received a Public Hearing summoning regarding House Resolution 404. On January 29, 2026, LUMA submitted its comments to the Committee. On January 30, 2026, LUMA attended the Public Hearing and received a Request for Additional Information.
House of Representatives of	Request for Input regarding House Joint Resolution	On January 20, 2026, LUMA received a Request for Input regarding House Joint Resolution 246.

Committee	Act, Bill or Resolution	LUMA Response
Puerto Rico - Transportation and Infrastructure Committee	<p>246 (R.C.C. 246) to order the Department of Transportation and Public Works and the Puerto Rico Highway and Transportation Authority, pursuant to the statutes of Act No. 74 of June 23, 1965, as amended, in coordination with LUMA Energy, the Electric Power Authority, or any other applicable entity to establish and implement the mechanisms necessary for the efficient operation of electric lighting systems, as well as traffic lights or traffic control signs, in the streets and highways that enable and make viable the transit of vehicles and pedestrians in the municipalities of Cidra and Cayey, which comprise Representative District number 29.</p>	
Senate of Puerto Rico - Government Committee	<p>Request for Input regarding House Joint Resolution 243 (R.C.C. 243) to declare a twenty-four (24) month moratorium during which the Puerto Rico Energy Bureau is prohibited from considering or approving requests for rate increases submitted by LUMA Energy or any entity related to the operation and maintenance of Puerto Rico's electric system; order an independent audit of the fare system.</p>	<p>On January 21, 2026, LUMA submitted its comments to the Committee regarding House Joint Resolution 243.</p>

Committee	Act, Bill or Resolution	LUMA Response
House of Representatives of Puerto Rico - Municipal Affairs Committee	Request for Input regarding Senate Bill 723 (P.S. 723) to establish a tax exemption applicable to electric power generation equipment or machines in residential, commercial, and industrial properties; provide that the value of this equipment will not affect or be considered applicable to the appraised value of the residential, commercial and industrial real estate to which it is attached.	On January 21, 2026, LUMA received a Request for Input regarding Senate Bill 723. On January 27, 2026, LUMA submitted its comments to the Committee.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Joint Resolution 116 (R.C.S. 116) to direct the Puerto Rico Public-Private Partnerships Authority and the Electric Power Authority to notify LUMA Energy to begin the contractual process of canceling the contract known as the Operation and Maintenance Agreement of June 17, 2020 and the Supplemental Agreement of June 22, 2020, within sixty (60) days, for breach of various contractual clauses by LUMA Energy, LLC (at one time known as LUMA ManageCo) and LUMA ServCo., between both the GridCo Operators; ensure continuity of service during the transition.	On January 21, 2026, LUMA received a Request for Input regarding Senate Joint Resolution 116. On January 29, 2025, LUMA requested additional time to respond to the RFI.

Committee	Act, Bill or Resolution	LUMA Response
House of Representatives of Puerto Rico - Government Committee	Request for Input regarding House Bill 1042 (P.C. 1042) to create the "Automatic Credit for Blackouts Act".	On January 21, 2026, LUMA received a Request for Input regarding House Bill 1042. On January 29, 2025, LUMA requested additional time to respond to the RFI.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Bill 935 (P.S. 935) to create the Solar Community Microgrids Act for Energy Resilience in Puerto Rico; authorizing and regulating the installation of solar microgrids in vulnerable neighborhoods and communities; establishing a start-up subsidy program for solar panels, storage batteries, and energy management systems; prioritizing high-risk areas due to extreme weather events and frequent blackouts; promote decentralization and energy resilience.	On January 21, 2026, LUMA received a Request for Input regarding Senate Bill 935.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Bill 848 (P.S. 848) to create the "Law for the Energy Exemption of Reconciliation Clauses for Hospitals in Puerto Rico"; establish as a public policy of the Government of Puerto Rico the exemption of charges related to the Reconciliation Clause established in the electric energy bill to hospital institutions operating in Puerto Rico, so that such institutions can allocate the economic resources	On January 21, 2026, LUMA received a Request for Input regarding Senate Bill 848.

Committee	Act, Bill or Resolution	LUMA Response
	resulting from such exemption to strengthen their operations.	
House of Representatives of Puerto Rico - Small and Medium Business Committee	Request for Input regarding House Bill 252 (P.C. 252) to amend Act 454-2000, as amended, known as the "Small Business Administrative and Regulatory Flexibility Act," to provide that regulations for the supply of essential services containing a payment or deposit bond shall permit the prorated payment of the required amount; provided, however, that the corresponding government entity may impose a charge equivalent to five (5%) percent of the total required bond, when the deferred payment of the bond is granted.	On January 21, 2026, LUMA received a Request for Input regarding House Bill 252.
Senate of Puerto Rico - Government Committee	Request for Input regarding Senate Bill 846 (P.S. 846) to establish a partial amnesty program of twenty-five percent (25%) on the monthly bill of the electric energy service for people over sixty (60) years of age.	On January 22, 2026, LUMA received a Request for Input regarding Senate Bill 846.
Senate of Puerto Rico - Government Committee	Request for Information regarding Senate Resolution 187 (R.S. 187) on the Status of the Reconstruction of Puerto Rico's Electric System.	On January 29, 2026, LUMA received a Request for Input regarding Senate Resolution 187.

Table 5–2: Material Litigation Update¹³

Case No. & Parties	Description	Updates
Civil Case No. SJ2025CV06607/ CT-2025-0003/ USCA No. 25-2077- Departamento de Asuntos del Consumidor v. LUMA Energy LLC, et. als.	Declaratory judgment action challenging the Liability Waiver on constitutional grounds	On January 23, 2026, DACO and ICSE filed their respective Opposition Briefs before the Federal First Circuit.
LUMA v. P3A, Adv. Proc. Case No. 25-00043	LUMA filed a Complaint seeking a declaratory judgment concluding that the Threshold Dispute over the classification of the issues raised in the Notice of Dispute (“NOD”)	On January 15, 2026, LUMA filed a Notice of Appeal of the <i>Memorandum Order Dismissing Adversary Proceeding and Denying Motion for Provisional Relief</i> entered by the Title III Court.
Civil Case No. SJ2025CV11093/ CT-2025-0006- P3A v. LUMA Energy LLC; LUMA Energy Servco, LLC/ Adv. Proc. 25-00061	Declaratory Judgment Complaint and Injunction filed by P3A seeking the nullification of the OMA.	On January 12, 2026, P3A filed a Motion to Remand.
Civil Case No. SJ2025CV11202/ CT-2025-0007- Hon. Jennifer González Colon; Government of Puerto Rico v. LUMA Energy, LLC/LUMA Energy Servco, LLC/ Adv. Proc. 25-00062	Complaint filed by the Government of Puerto Rico against LUMA seeking the nullification of the T&D OMA.	On January 12, 2026, the Government of Puerto Rico, through the Governor, submitted a Motion to Remand.
Multicom Group Corporation v. LUMA Energy LLC, SJ2025CV08258.	Complaint for collection of \$1.5M under a contract with LUMA as agent of PREPA	LUMA answered the amended complaint on January 27, 2026.

The following cases have had no significant changes since the last report:

Civil Case No. 22–CV–01357 – CADFI Corp. v. PREPA, LUMA and Municipality of San Juan	Plaintiff alleges that pole placement in sidewalks violates ADA
Domingo Marrero v. Mun. de Guánica, Civil Case No. PO2021CV00963	Plaintiff alleged that pole placement in sidewalks violates the Americans with Disabilities Act (“ADA”).

¹³ *Material Litigation Activity* refers to all litigation related to challenges to the T&D OMA, matters that could impede the T&D OMA work or litigation with significant financial risk. This does not include ordinary litigation proceedings that originate as part of the operation of the T&D System, including but not limited to pre-litigation dispute resolution, management of active litigation, discovery, PREB invoice challenges, and other litigation procedures.

The following cases have had no significant changes since the last report:	
Civil Cases No. SJ2023CV01793, No. SJ2023CV02513 (consolidated) – LUMA Energy ServCo, LLC v. Municipio Autónomo de Manatí	Challenge to Manatí Municipality’s construction excise tax determinations for LUMA.
Case No. 17-BK-04780	LUMA’s request for payment for administrative expenses
Notice of Dispute issued by P3A against LUMA under the T&D OMA; Demand of Mediation issued by LUMA against P3A under the T&D OMA	On July 22, 2025, P3A issued a Notice of Dispute identifying six categories of purported Technical Disputes.
Civil Case No. SJ2022CV02868 – Ismael Herrero Domenech and the class composed of all residential electrical energy customers of LUMA Energy LLC v. LUMA Energy LLC, WendCo of Puerto Rico Inc. et al. v. LUMA Energy LLC	Consolidated class actions claiming damages from the April 6, 2022, event at Costa Sur that caused an island-wide blackout.
Civil Case No. SJ2025CV03310 – WendCo of Puerto Rico Inc. et al. v. LUMA Energy LLC	Class action complaint claiming damages from April 16, 2025, event that caused an island-wide blackout.

7.0 Ongoing External Audits

LUMA is subject to multiple audits related to its activities under the T&D OMA. LUMA takes all required audits under T&D OMA seriously and therefore allocates considerable resources and time to completion of these.

Table 6–1: Summary of Governmental Audits

Government Entity	Audit Description	Significant Updates
Comptroller’s Office of Puerto Rico (“OCPR”), No. 15720 (LUMA)	Audit of PREPA during the period of June 1, 2018 – June 30, 2021, by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of August 24, 1952, as amended.	On January 21, 2026, OCPR sent an RFI requesting LUMA employees’ information. The information was submitted on January 27, 2026.

Government Entity	Audit Description	Significant Updates
Comptroller’s Office of Puerto Rico (“OCPR”), No. 15671 (PREPA)	Audit of PREPA during the period of June 1, 2018 – June 30, 2021, by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of July 24, 1952, as amended.	At this moment, there are no pending requests.
Comptroller’s Office of Puerto Rico (“OCPR”), No. 15794 (LUMA)	Audit of PREPA during the period of June 1, 2018 – June 30, 2021, by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of August 24, 1952, as amended.	On January 16, 2026, OCPR sent an RFI requesting the monthly itinerary for Collection and Severance process after COVID-19. In addition, OCPR requested a sample of customer invoices for the period of July 1, 2021 to March 31, 2025. The information was submitted on January 23, 2026.
Comptroller’s Office of Puerto Rico (OCPR), No. OC-25-39 (AAFAF Audit Report)	This audit pertains to Autoridad de Asesoría Financiera y Agencia Fiscal de Puerto Rico (“AAFAF”) and the report was issued on December 15, 2024.	On January 27, 2026, LUMA received a notification from OCPR with the evaluation letter of the PAC response submitted on October 1, 2025 requesting additional information. The due date for this request is May 1, 2026.
Comptroller’s Office of Puerto Rico (“OCPR”), Carta Circular OC-25-20	This Circular Letter applies to government entities under the Executive Branch who receive contributions from the General Fund.	At this moment, there are no pending requests.
PREPA Fiscal Year (“FY”) 2023	KPMG Audit of PREPA Financial Statements (“FY2023”)	LUMA continues to support PREPA’s ongoing audit and has provided responses on a rolling basis to KPMG and PREPA requests. Hacienda’s representatives notified LUMA that PREPA’s audit was expected to be completed and published in January 2026, however this date has shifted to February 2026.
PR Treasury Department & Municipalities by PwC	PwC Audit of LUMA Energy, LLC 2023 and 2024 (Consolidated: ManageCo & ServCo and Standalone: ServCo) – Financial Statements	The 2023 audit remains ongoing with a target issuance date shifted from January 2026 towards February 2026. The 2024 audit is estimated to be completed by March 2026.
P3A FY2022 Audit – by Vázquez & Vilanova	First Year (“FY2022”) T&D OMA Compliance – audit for	No pending actions from LUMA.

Government Entity	Audit Description	Significant Updates
	the first full year of LUMA operations.	
P3A FY2023 Audit – by Vázquez & Vilanova	Second Year (“FY2023”) T&D OMA Compliance – audit for the second year of LUMA operations.	No pending actions from LUMA.
P3A FY2024 Audit – by Vázquez & Vilanova	Third Year (“FY2024”) T&D OMA Compliance – audit for the third year of LUMA operations.	No pending actions from LUMA.
Union Pension Plan Compliance (“NEBF”) 2023 (Calendar) Audit – by Withum	Pursuant to Article 6, Sections 6.7 and 6.8 of the Restated Employees Benefit Agreement and Trust for the National Electrical Benefit Fund, the Trustees of the Fund have established a Payroll Audit Program.	No pending actions from LUMA.
COR3 - Central Office for Recovery, Reconstruction and Resiliency Monitoring by Deloitte	Deloitte Monitoring for Q1-FY2025 Federal Funding process.	No pending actions from LUMA.
<i>The following audits have had no significant changes since the last report:</i>		
OCPR, No. 15560 – Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day.		
OCPR, No. 15637 – Audit of the Municipality of Guánica.		

8.0 Material T&D OMA Items

PREPA’s Non-Compliance with T&D OMA Obligations

- January 2026 is the thirty-eight (38th) consecutive month in which PREPA did not fully fund one or more of the Service Accounts and failed to comply with its contractual obligations, in breach of the T&D OMA.
- January 2026 is the twenty-fifth (25th) consecutive month in which PREPA did not provide any funding for the Outage Event Reserve Account.
- January 2026 is the seventeenth (17th) consecutive month in which PREPA did not provide the required funding to replenish the Contingency Reserve Account.
- LUMA has issued thirty-eight (38) non-compliance notices to PREPA and notified P3A as Administrator of the T&D OMA.

- LUMA has issued twenty-two (22) notices to PREPA and notified P3A as Administrator regarding fuel advances made by PREPA to Genera outside of the funding cycle established in the T&D OMA, LTGA OMA and the PGHOA.
- Since January 2023, LUMA has requested PREPA to provide balance sheet reconciliations. Until initial balance sheet reconciliations are provided, including a segregated opening balance sheet for the Transmission and Distribution (“T&D”) system, LUMA is prevented from providing certain Operation and Maintenance (“O&M”) services related to financial reporting under T&D OMA. On August 20, 2024, FTI was contracted by the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) to define the scope of PREPA’s Accounting Remediation project, including the balance sheet separation efforts.
- On June 12, 2025, LUMA notified PREPA of its irrevocable delegation of authority as its agent after LUMA obtained on June 2, 2025, a copy of Resolution 5183, to Repeal Resolution 5020 and authorize the Executive Director of PREPA as the Sole Entity Responsible for the management of Grant applications related to the Transmission and Distribution System, approved on April 30, 2025, by the Governing Board of PREPA. Resolution 5183 is null, and void given the irrevocable authority granted by PREPA to LUMA under section 5.6(a) of the T&D OMA to represent PREPA before any Governmental Body, which includes the Federal Emergency Management Agency (“FEMA”).
- LUMA provided PREPA with a status update on the Accelerated Storage Addition Program (“ASAP”), confirming that two Standard Offer 1 (SO1) agreements—Polaris (submitted August 14 and updated October 30) and Fonroche (submitted September 18)—are under PREPA’s review following approval by the Puerto Rico Energy Bureau (“PREB”). Polaris has confirmed readiness to execute, with financing secured and procurement underway. LUMA reiterated its request on multiple occasions for both agreements to be included on the PREPA Governing Board agenda and informed PREPA that four additional PREB-approved SO1 agreements (totaling 335 MW) were submitted on December 20. LUMA respectfully requested that all pending agreements be approved at the upcoming board meeting to accelerate deployment of critical battery energy storage systems in support of Puerto Rico’s energy transformation.
- LUMA is actively advancing the FEMA-obligated project to modernize the electrical system in Vieques, which has been approved by the Puerto Rico Energy Bureau (PREB). This initiative includes the planned development of a new substation and microgrid. The project is currently pending authorization from PREPA’s Governing Board to proceed with the \$7.38 million land acquisition from PRIDCO and to designate a representative to finalize the transaction. The purchase approval request (LUMA-PREPA-T-01019) was submitted on July 30, and the microgrid study was delivered on December 6. Since October, the Owner has failed to comply with its contractual obligations under the T&D O&M Agreement by delaying approval of ASAP Agreements due to the Governing Board’s lack of quorum. This conduct directly violates Article 6(a)(v)(A), which requires the Owner to “respond promptly (and in any event within thirty (30) days or shorter period required by this Agreement) to all requests of Operator with respect to all matters requiring the approval, review or consent of Owner (and in each such case, unless otherwise specifically stated in this Agreement, Owner shall not unreasonably withhold, delay or condition any such approval, review or consent).” The repeated delays, now extending for several months, exceed the 30-day limit and constitute an unreasonable withholding of approvals, contrary to the Owner’s responsibilities under the Agreement.

- PREPA's actions regarding the Monacillos Primary Control Center ("PCC") project have resulted in prolonged delays in the National Historic Preservation Act ("NHPA") Section 106 consulting process, despite LUMA's delegated authority under the T&D OMA to advance critical projects. These delays conflict with Article 6(a)(v)(A) of the O&M Agreement, which obligates the Owner to "respond promptly (and in any event within thirty (30) days or shorter period required by this Agreement) to all requests of Operator with respect to all matters requiring the approval, review or consent of Owner (and in each such case, unless otherwise specifically stated in this Agreement, Owner shall not unreasonably withhold, delay or condition any such approval, review or consent)." PREPA's refusal to support the consensus position developed with FEMA and SHPO, and its request for additional time to prepare an independent response, have extended the process for nearly a year, jeopardizing over \$150 million in federally funded investments and delaying modernization efforts essential for system reliability and public safety. These actions constitute an unreasonable delay and withholding of approvals, in direct violation of the Owner's responsibilities under the T&D OMA.

LUMA Budget Approval, Amendment and Reallocation

- LUMA continues to emphasize the importance of the Emergency Reserve Account ("ERA") in enabling timely and effective emergency response. If the Puerto Rico Energy Bureau denies the request again, it will weaken the ERA's intended function, deprive the energy system of a vital recovery tool, and force LUMA to divert already limited operational funds away from essential maintenance and reliability work, further compounding the system's financial and operational challenges.

PREPA Reorganization and Shared Services

- As stipulated by the T&D OMA, Shared Services were only intended to last 6 months after commencement of GenCo Operator, which term shall not exceed 3 years. After the original 6 months of Shared Services, the Agreement has been extended for PREPA four (5) times with the last one executed on December 31, 2025 for an additional six (6) months until June 30, 2026. It is imperative that PREPA complete its full separation from the Shared Services Agreement to advance its reorganization as established in its Fiscal Plan. Accordingly, LUMA continues to support PREPA with the provision of Shared Services with the expectation that no further extension will be required.
- The A&R SSA outlines specific conditions to ensure mutual alignment on expectations for progress during this additional extension period. However, the biweekly Shared Services reports submitted by PREPA so far did not meet the requirements set forth in the agreement. In alignment with its approved Fiscal Plan, PREPA as a holding company (HoldCo) has yet to establish a comprehensive financial governance framework to standardize and consolidate financial reporting across PREPA (HydroCo), LUMA (GridCo), and Genera (GenCo). This lack of coordination continues to hinder the development of integrated financial statements. Moreover, PREPA has not yet created the legal entity for GridCo, which is essential for properly segregating Transmission and Distribution assets under LUMA's operation. PREPA also remains engaged in Shared Services, having repeatedly requested extensions to the Shared Services Agreement

rather than executing a full exit. These unresolved issues pose significant challenges to achieving accurate and consolidated financial reporting.

Net Energy Metering

- In compliance with the current regulation of distributed generation interconnection, LUMA successfully completed an additional 3,101 supplemental studies in January 2026. The studies cover distribution feeder voltage, thermal, and protection analyses, which are critical to maintaining the distributed system's stability and reliability. As of December 30th, all feeders with penetration levels above fifteen percent (15%) have been studied. Through this process, LUMA has identified the required system upgrades. LUMA is currently in the process of preparing the cost and timeline information to share with the developers. LUMA is highly concerned about the increasing number of interconnections surpassing the pace of comprehensive studies, which poses a systemic reliability risk. LUMA has engaged in discussions with distributed generation developers and installers to secure payments for required supplemental studies.

Third Party Pole Attachments (“TPA”)

- During the month of January, LUMA continued negotiation with carriers about the newly proposed FCC Pole Attachment Rate.
- For the inventory pilot request sent to carriers on September 30, 2025, we have received the majority of the information from carriers and are pending execution of a non-disclosure agreement with the pending carrier to complete.
- LUMA has continued conversations with the government regarding additional funding for the TPA inventory and pole attachments transfers in relation to our pole replacement programs. LUMA and OGP held an in-person meeting as part of our efforts to develop strategies for additional funding to cover transfers of Third-Party Attachments (TPA) related to our Pole replacement programs, and an island wide inventory of TPA's.
- LUMA has continued discussions with Osnet Corp and Fiber X LLC regarding the recovery of unauthorized attachments since the notice of unauthorized attachments sent on December 10, 2025. LUMA and the carriers are working on a comprehensive work plan aimed at receiving payment and legalizing all existing unauthorized attachments.
- LUMA is working on a new Pole License agreement draft to be shared with carriers in Q3.
- We finalized the draft for the joint use of PREPA infrastructure for security cameras. It has been sent to the municipality of Cabo Rojo, and we are awaiting the municipality's signature.
- LUMA held a meeting with the NET last January 28, 2026, to present the progress and the challenges we have been facing regarding the carriers and pole attachments.
- LUMA is working with the DOE for final approval of project scope regarding the Utility Pole Loading Abatement (TPA) project.
- Enhanced the execution of the TPA program for PREPA owned utility poles across Puerto Rico's electric grid, including evaluation new attachment requests, coordinating transfers to new poles, and removing unauthorized or non-compliant attachments, supported by a \$25M allocation with a grant from the Department of Energy (“DOE”) to standardize TPA practices.

LUMA's Billing and Collection Efforts

- LUMA has partnered with our Bill Print vendor to launch an 'Address Standardization' initiative aimed at reducing returned mail and ensuring customers receive their invoices on time. By cleansing and validating address data using USPS-compliant standards, we aim to improve delivery success, reduce operational costs, and enhance customer experience. Customers will be encouraged to verify their mailing information to support this effort. Cycle 1 was updated in January and projected plan to fix cycle 2-3 in February.
- LUMA activated almost 4,163 customers on the Net Energy Metering ("NEM") tariff in January.
- LUMA began receiving Low Income Home Energy Assistance Program ("LIHEAP") funds in May on behalf of qualified customers. In January, over \$77 K in payments were applied to customer accounts. LUMA reached 4,988 new payment agreements with customers in January 2026, for a total of over 146,558 agreements since August 2021. Also, in January LUMA completed over 120,154 outbound collection calls for a total of over 5.9 million outbound calls since August 2021. LUMA's Revenue Protection team collected over \$24.3 million in January 2026 directly related to active customer collections of past due receivables. Collection efforts included outbound calls, letters, emails and inbound calls.