

# Financial Oversight & Management Board for Puerto Rico

## Puerto Rico Electric Power Authority

Report Date **8/15/2024**



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Puerto Rico Electric Power Authority  
 B2A Summary  
 FISCAL YEAR 2024  
 As Of: 8/15/2024

### FY24 Monthly B2A Summary

(\$ millions)

Summary	June-24				YTD			
	Jun-24 Budget	Jun-24 Actual	Jun-24 Variance (\$)	Jun-24 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
<b>A. Expenses</b>								
<b>HoldCo:</b>								
HoldCo Labor Operating Expenses	\$ 0.800	\$ 0.556	\$ 0.244	30.5%	\$ 9.598	\$ 8.226	\$ 1.372	14.3%
HoldCo Non-Labor / Other Operating Expenses	6.661	8.902	(2.241)	(33.6%)	112.338	113.378	(1.040)	(0.9%)
Shared Services Agreement	0.166	0.522	(0.356)	(214.3%)	1.993	3.476	(1.483)	(74.4%)
Temporary PREPA ERS Contribution	182.830	26.905	155.926	85.3%	300.000	144.074	155.926	52.0%
Maintenance Projects Expenses	0.054	1.090	(1.037)	(1928.4%)	0.645	1.662	(1.017)	(157.7%)
<b>Total HoldCo Operating Expenses</b>	<b>\$ 190.511</b>	<b>\$ 37.975</b>	<b>\$ 152.536</b>	<b>80.1%</b>	<b>\$ 424.574</b>	<b>\$ 270.815</b>	<b>\$ 153.759</b>	<b>36.2%</b>
<b>HydroCo:</b>								
HydroCo Labor Operating Expenses	\$ 0.367	\$ 0.286	\$ 0.080	21.9%	\$ 4.398	\$ 3.986	\$ 0.412	9.4%
HydroCo Non-Labor / Other Operating Expenses	0.466	0.859	(0.392)	(84.2%)	5.595	7.178	(1.583)	(28.3%)
Shared Services Agreement	0.098	0.348	(0.250)	(253.6%)	1.181	2.248	(1.067)	(90.4%)
Maintenance Projects Expenses	0.206	0.071	0.135	65.4%	2.471	0.437	2.034	82.3%
<b>Total HydroCo Operating Expenses</b>	<b>\$ 1.137</b>	<b>\$ 1.564</b>	<b>\$ (0.427)</b>	<b>(37.5%)</b>	<b>\$ 13.645</b>	<b>\$ 13.849</b>	<b>\$ (0.204)</b>	<b>(1.5%)</b>
<b>Total HoldCo &amp; HydroCo Expenses</b>	<b>\$ 191.648</b>	<b>\$ 39.539</b>	<b>\$ 152.109</b>	<b>79.4%</b>	<b>\$ 438.219</b>	<b>\$ 284.664</b>	<b>\$ 153.555</b>	<b>35.0%</b>
<b>Other Expenses:</b>								
PREPA Voluntary Transition Program	\$ -	\$ -	\$ -	-	\$ 14.774	\$ 14.774	\$ 0.000	0.0%
Emergency PREPA Employee Retirement System Contribution	-	-	-	-	142.713	142.713	-	0.0%
<b>Total Other Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 157.487</b>	<b>\$ 157.487</b>	<b>\$ 0.000</b>	<b>0.0%</b>

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pursuant to the 2023 Certified Fiscal Plan and PREB Resolution & Order dated June 25, 2023, PREPA is reporting HoldCo and HydroCo expenses for YTD FY2024.

Note 3: PREPA is reporting YTD FY2024 amounts based on the Revised FOMB Certified Budget dated March 15, 2024.

Note 4: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2024.

Note 5: Due to the Genera transaction, many of the line items in PREPA's YTD B2A include Genera expenses as Genera has been entering these expenses into PREPA's legacy cost centers. These are reflected in the HydroCo line items. Although PREPA discontinued the use of its legacy cost centers as of November 1, 2023, Genera expenses continue to affect legacy cost centers. PREPA expects that this issue will continue in the upcoming B2A reports and will continue to monitor accounts closely to resolve any issues.

**Puerto Rico Electric Power Authority**  
**Monthly Expenses**  
**FISCAL YEAR 2024**  
**As Of: 8/15/2024**

**FY24 Monthly Expenses**

(\$ millions)

Expenses	
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	June-24				YTD				
	Jun-24 Budget	Jun-24 Actual	Jun-24 Variance (\$)	Jun-24 Variance (%)	YTD Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)	
<b>A. HoldCo - Operations Expenses</b>									
<b>Labor</b>									
1	Salaries & Wages	0.542	0.451	0.090	16.7%	6.502	6.308	0.194	3.0%
2	Pension & Benefits	0.224	0.094	0.130	58.0%	2.692	1.419	1.273	47.3%
3	Overtime Pay	0.030	0.011	0.020	65.1%	0.361	0.451	(0.090)	(24.9%)
4	Overtime Benefits	0.004	0.000	0.004	99.7%	0.043	0.048	(0.005)	(11.3%)
	<b>Total HoldCo Labor Operating Expenses</b>	<b>\$ 0.800</b>	<b>\$ 0.556</b>	<b>0.244</b>	<b>30.5%</b>	<b>\$ 9.598</b>	<b>\$ 8.226</b>	<b>\$ 1.372</b>	<b>14.3%</b>
<b>Non-Labor / Other Operating Expenses</b>									
5	Materials & Supplies	0.002	0.002	0.000	14.2%	0.029	0.061	(0.032)	(108.8%)
6	Transportation, Per Diem, and Mileage	0.002	0.015	(0.013)	(587.7%)	0.026	0.234	(0.208)	(800.1%)
7	Retiree Medical Benefits	0.663	(0.048)	0.711	107.3%	7.950	6.763	1.187	14.9%
8	Security	0.066	0.070	(0.004)	(5.7%)	0.797	0.928	(0.131)	(16.4%)
9	Utilities & Rents	0.006	-	0.006	100.0%	0.066	0.182	(0.116)	(175.4%)
10	Legal Services	0.307	3.224	(2.916)	(948.9%)	3.688	6.545	(2.857)	(77.5%)
11	Litigation Claims Settlement	-	0.009	(0.009)	n.a.	0.635	0.644	(0.009)	(1.4%)
12	Communications Expenses	0.001	0.013	(0.013)	(2526.6%)	0.006	0.013	(0.007)	(118.9%)
13	Professional & Technical Outsourced Services	0.179	0.176	0.003	1.8%	2.145	1.817	0.328	15.3%
14	Regulation and Environmental Inspection	0.133	0.162	(0.029)	(22.2%)	1.591	0.636	0.955	60.0%
15	External Audit Services	-	0.016	(0.016)	n.a.	1.108	0.470	0.638	57.6%
16	Equipment, Inspections, Repairs and Others	0.056	0.017	0.039	69.7%	0.666	1.455	(0.789)	(118.5%)
17	Temporary Generation Acquisition Cost-Share	-	-	-	n.a.	30.660	30.660	-	0.0%
18	PREPA Restructuring & Title III	2.513	2.513	-	0.0%	30.150	30.150	-	0.0%
19	FOMB Advisor Costs allocated to PREPA	2.735	2.735	-	0.0%	32.821	32.821	-	0.0%
	<b>Total HoldCo Non-Labor / Other Operating Expenses</b>	<b>\$ 6.661</b>	<b>\$ 8.902</b>	<b>(2.241)</b>	<b>-33.6%</b>	<b>\$ 112.338</b>	<b>\$ 113.378</b>	<b>\$ (1.040)</b>	<b>(0.9%)</b>
20	Shared Services Agreement HoldCo	0.166	0.522	(0.356)	(214.3%)	1.993	3.476	(1.483)	(74.4%)
21	Temporary PREPA ERS Contribution	182.830	26.905	155.926	85.3%	300.000	144.074	155.926	52.0%
22	Maintenance Projects Expenses HoldCo	0.054	1.090	(1.037)	(1928.4%)	0.645	1.662	(1.017)	(157.7%)
	<b>Total HoldCo Operating Expenses</b>	<b>\$ 190.511</b>	<b>\$ 37.975</b>	<b>\$ 152.536</b>	<b>80.1%</b>	<b>\$ 424.574</b>	<b>\$ 270.815</b>	<b>\$ 153.759</b>	<b>36.2%</b>
<b>B. HydroCo - Operations &amp; Maintenance Expenses</b>									
<b>Labor</b>									
23	Salaries & Wages	0.212	0.188	0.024	11.2%	2.543	2.719	(0.176)	(6.9%)
24	Pension & Benefits	0.128	0.042	0.086	67.4%	1.532	0.638	0.894	58.3%
25	Overtime Pay	0.024	0.052	(0.028)	(117.3%)	0.288	0.583	(0.295)	(102.5%)
26	Overtime Benefits	0.003	0.004	(0.001)	(43.1%)	0.035	0.046	(0.011)	(31.1%)
	<b>Total HydroCo Labor Operating Expenses</b>	<b>\$ 0.367</b>	<b>\$ 0.286</b>	<b>0.080</b>	<b>21.9%</b>	<b>\$ 4.398</b>	<b>\$ 3.986</b>	<b>\$ 0.412</b>	<b>9.4%</b>
<b>Non-Labor / Other Operating Expenses</b>									
27	Materials & Supplies	0.060	0.178	(0.118)	(195.3%)	0.724	2.342	(1.618)	(223.4%)
28	Transportation, Per Diem, and Mileage	0.022	0.041	(0.019)	(83.5%)	0.269	0.334	(0.065)	(24.1%)
29	Security	0.143	0.180	(0.038)	(26.4%)	1.712	2.164	(0.452)	(26.4%)
30	Utilities & Rents	0.007	-	0.007	100.0%	0.080	0.022	0.058	71.9%
31	Professional & Technical Outsourced Services	0.016	0.030	(0.014)	(91.6%)	0.187	0.296	(0.109)	(58.3%)
32	Regulation and Environmental Inspection	0.061	0.162	(0.101)	(166.0%)	0.731	0.631	0.100	13.6%
33	Equipment, Inspections, Repairs and Others	0.158	0.267	(0.109)	(69.4%)	1.892	1.388	0.504	26.6%
	<b>Total HoldCo Non-Labor / Other Operating Expenses</b>	<b>\$ 0.466</b>	<b>\$ 0.859</b>	<b>(0.392)</b>	<b>(84.2%)</b>	<b>\$ 5.595</b>	<b>\$ 7.178</b>	<b>\$ (1.583)</b>	<b>(28.3%)</b>
34	Shared Services Agreement HydroCo	0.098	0.348	(0.250)	(253.6%)	1.181	2.248	(1.067)	(90.4%)
35	Maintenance Projects Expenses HydroCo	0.206	0.071	0.135	65.4%	2.471	0.437	2.034	82.3%
	<b>Total HydroCo Operating &amp; Maintenance Expenses</b>	<b>\$ 1.137</b>	<b>\$ 1.564</b>	<b>(0.427)</b>	<b>(37.5%)</b>	<b>\$ 13.645</b>	<b>\$ 13.849</b>	<b>\$ (0.204)</b>	<b>(1.5%)</b>
<b>Total HoldCo &amp; HydroCo Operating &amp; Maintenance Expenses</b>									
		<b>\$ 191.648</b>	<b>\$ 39.539</b>	<b>\$ 152.109</b>	<b>79.4%</b>	<b>\$ 438.219</b>	<b>\$ 284.664</b>	<b>\$ 153.555</b>	<b>35.0%</b>

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Note 2: Pensions & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2024.

Note 3: Due to the Genera transaction, many of the line items in PREPA's YTD B2A include Genera expenses as Genera has been entering these expenses into PREPA's legacy cost centers. These are mainly reflected in the HydroCo line items. Although PREPA discontinued the use of its legacy cost centers as of November 1, 2023, Genera expenses continue to affect legacy cost centers. PREPA expects that this issue will continue in the upcoming B2A reports and will continue to monitor accounts closely to resolve any issues.

Note 4: HoldCo Legal Services amounts for December, January and February have been revised to reflect charges related to FY24 invoices.

Note 5: HoldCo Restructuring & Title III and FOMB Advisors Cost are equal to budget for June to accrue for monthly expenses. PREPA is currently reconciling invoices related to Title III costs. PREPA is discussing FOMB Advisors Costs with the Oversight Board.

Note 6: HydroCo Overtime Benefits amounts for January 2024 to May 2024 have been revised to reflect incurred amounts.

**Puerto Rico Electric Power Authority**  
**Variance Detail**  
**FISCAL YEAR 2024**  
**8/15/2024**

**Variance # 1**  
**FOMB Category: HoldCo Legal Services HoldCo**  
**Account: Legal Services HoldCo**

Expenses	Budget June	Actual June	Variance(\$)	Variance (%)
Legal Services HoldCo	\$ 0.307	\$ 3.224	\$ (2.916)	-948.86%

**Variance Explanation**  
 PREPA identified that of the \$3,223,502.34 amount charged for June HoldCo Legal Services, \$2,561,053.04 is related to unvouchers to properly accrue for invoices not yet received in FY2024. The remaining \$662,499.30 is related to expensed incurred and invoiced in FY2024.

**Root Cause**  
 PREPA accruing for invoices not yet received in FY2024.

**Corrective Action**  
 N/A

**Variance # 2**  
**FOMB Category: HoldCo Maintenance Expenses**  
**Account: HoldCo Maintenance Project Expenses**

Expenses	Budget June	Actual June	Variance(\$)	Variance (%)
HoldCo Maintenance Project Expenses	\$ 0.054	\$ 1.090	\$ (1.037)	-1928.39%

**Variance Explanation**  
 PREPA is currently investigating this variance with the Operations Team.

**Root Cause**  
 PREPA is currently investigating this variance with the Operations Team.

**Corrective Action**  
 PREPA is currently investigating this variance with the Operations Team.

**Puerto Rico Electric Power Authority**  
**Variance Detail**  
**FISCAL YEAR 2024**  
**8/15/2024**

**Variance # 3**  
**FOMB Category: HoldCo Shared Services Agreement HoldCo**  
**Account: Shared Services Agreement HoldCo**

Expenses	Budget June	Actual June	Variance(\$)	Variance (%)
Shared Services Agreement HoldCo	\$ 0.166	\$ 0.522	\$ (0.356)	\$ (2.143)

**Variance Explanation**  
 Shared Services were budgeted under the original Shared Services Agreement. As of January 2024, Shared Services transitioned to the extension agreement which is in place until September 2024. For June reporting, PREPA identified \$83,168.17 related to Shared Services True-Ups and \$160,439.86 related to what LUMA identifies as "to balance Shared Services with Actuals". PREPA is coordinating with the LUMA accounting team to determine what is included in both the True-Up amount and "balance" amounts.

**Root Cause**  
 Shared Services Extension Agreement effective as of January 1, 2024.

**Corrective Action**  
 PREPA will continue to monitor accounts closely in FY25 to resolve any issues.